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Canada's Magazine of Business and Contemporary Affairs

OCTOBER 1ST 1960 20 CENTS



**The Congo: Africa Watches and Learns**

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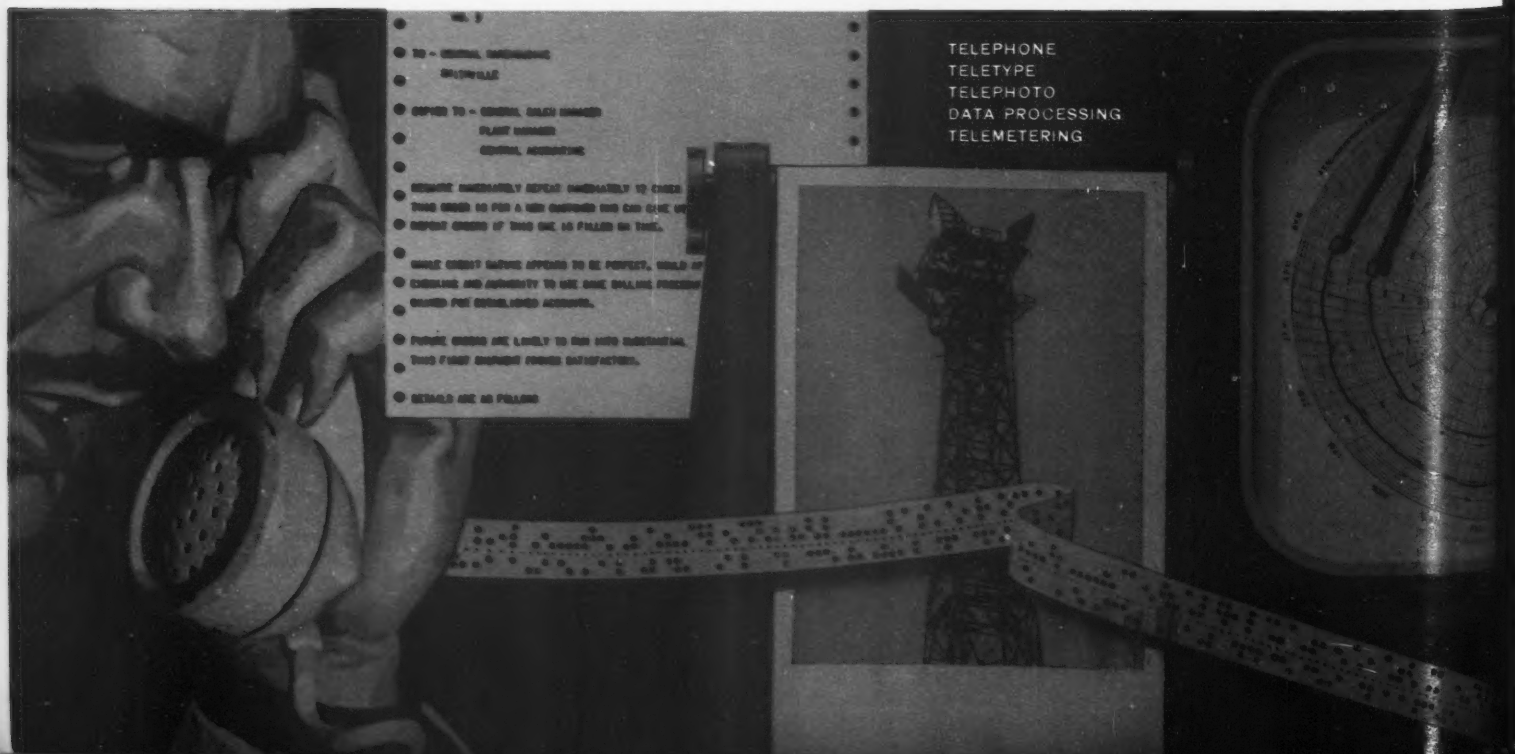


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# Saturday Night

VOL. 75 NO. 20

ESTABLISHED 1887

WHOLE NO. 3375

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## INSIDE STORY

**THE COVER:** The troubled face of Africa, watched by the world.

"Africa is a maternity ward, full of premature babies. It is too late to talk about birth control." So says an expert commentator, quoted by **Clyde Sanger** (African correspondent for *The Guardian*, Manchester) in his examination of the effects of the Congo troubles on the other emerging nations. Two attitudes exist today — the "I told you so" of the Rhodesian and other whites and the tendency of native African politicians to blame everything on the Belgians; both, he says, are wrong.

The other area of the world now attracting universal attention is Latin America: the interest sharpened by the possibility of a Red bridgehead in Fidel Castro's Cuba. Canada's current interest is in whether or not she should join the Organization of American States to supplement her already impressive commercial connections. **A. J. Knowles**, who has lived in Latin America for 25 years, takes a disenchanted view; the poker-faced *Latinos*, he points out, have learned how to raise the ante in dealing with Uncle Sam. If Canada joins the game we will have to put down chips as well and we are not as rich as uncle.

The hope for peace, authorities believe, will ultimately depend on universal acceptance of the rule of law. How, then, does international law regard the abduction of **Adolph Eichmann**, Nazi war criminal, from the sovereign state of Argentina by Israeli agents? **Raymond Rodgers**, SN Montreal contributing editor, who holds a doctoral degree in international law from Columbia, examines the underlying legal principles and concludes that these may have been considerably weakened in practice by the Eichmann incident.

From Ottawa, **Peter Stursberg** recounts the melancholy history of a procession of disarmament conferences and their now-traditional spirit of frustration . . . from New York, **Anthony West** tells how Democratic Presidential candidate **Jack Kennedy** has opened wide the Federal feeding trough to "suffering" U.S. farmers and from London, **Beverley Nichols** reports that the Communists are leading a wide-open attack on reasonable rents for public housing and having some riotous success.

**President and Publisher**, Jack Kent Cooke; **Vice-Presidents**, Hal E. Cooke, Neil M. Watt, E. R. Milling; **Circulation Manager**, Arthur Phillips; **Director of Advertising**, Donald R. Shepherd. **Representatives**: New York, Donald Cooke, Inc., 666 Fifth Avenue; Chicago, Adrian Boylston, 520 South Prospect, Park Ridge, Ill.; Los Angeles, Lee F. O'Connell Co., 111 North La Cienega Blvd., Beverly Hills, Cal.; San Francisco, Lee F. O'Connell Co., 166 Geary Street; London, Eng., Dennis W. Mayes Ltd., 69 Fleet St., E. C. 4. **Subscription Prices**: Canada \$4.00 one year; \$6.00 two years; \$8.00 three years; \$10.00 four years. Commonwealth countries and U.S.A. \$5.00 per year; all others \$6.00. Newsstand and single issues 20c. Authorized as second class mail. Post Office Department, Ottawa. Published every second Saturday by Consolidated Press Division, Suite 707, Drummond Building, 1117 St. Catherine St. West, Montreal, Canada. **Editorial and Advertising Offices**, 73 Richmond St. W., Toronto, Canada.

**PICTURE CREDITS**: Cover, Miller Services; Pages 9, 10, 11, Wide World; Page 12, Clyde Sanger; Pages 13, 14, 15, Miller Services; Page 16, Miller Services; Page 18, World Wide Photo; Pages 19, 20, Mirrorpic; Page 25, Macmillan; Page 26, Johnston; Pages 31, 32, Wide World; Pages 33, 34, United Kingdom Information Service; Pages 36, 37, Canadian Broadcasting Corporation.

## Letters

### Quite a Difference

The fury of George Zukerman's friends and admirers is doubtless already beyond appeasement. Yet I plod resignedly to my own defence. What I said in the issue of September 3rd was:

"There seemed to be two factions at the concerto concert with Glenn Gould as the chief soloist: there were the orchestra, Louis Lane its conductor and George Zukerman the bassoon soloist, who seemed to be chiefly concerned with music; and Mr. Gould, who seemed to be chiefly concerned with himself."

What you said I said is too shocking to repeat.

I offer apology to Mr. Zukerman and I hope you do too.

Will you please wire your proof-reader my best wishes for his world cruise or whatever he's on, and assure him that I forgive him, even though Mr. Zukerman may not be able to forgive me.

KINGSTON

GRAHAM GEORGE

*Editor's note: For the technically-minded — a dropped line which, by one chance in a million, permitted the rest of the type to make apparent sense.*

### Concise or Shorter

With reference to your editorial comment on L. Austin Wright's letter [SN Sept. 3] it might be well to consult the "Concise Oxford Dictionary" which (1949) does not mention "alright". The American College Dictionary (1959) says it is "not generally regarded as good usage".

VERNON, B.C.

E. O. WHEELER

### East Is East

In your September 3 issue the Comment of the Day takes note of the recent convention of the CCF party, under the caption "Two Horses to Ride." May I make two very brief comments?

(1) The "alliance" may have its "uneasy" moments, as you say; but the important point is that, despite the difficulties, such an alliance exists of those eager to work together for common ideals.

(2) Our present Prime Minister not long ago told a newspaper reporter that his daily reading included a Montreal periodical to get the viewpoint of the

"East." Apparently you, too, share his conception of Canada as extending from Winnipeg to Montreal—and we of the Atlantic Provinces are used to this sort of logic. But please be assured that there are many of us "Down-Easters" who confidently expect your riders of "two horses" to take the obstacles in their stride.

MIDDLETON, N.S.

DALE A. YOUNG

### CCF and Labor

If you intend to publish other "Comments of the Day" as ridiculous as "Two Horses to Ride", I suggest you change the heading to "Comments from Yesterday".

As a delegate to the CCF Convention, and a Trade Unionist, let me set you straight.

The resolution not to elect a party leader as such came from the CCF National Council. Where, pray, would your "Union men" start to apply pressure for more labor control in that group: David Lewis Q.C., M. J. Coldwell, Premier Douglas, (Sask.), Andrew Brewin (atty), and the others?

Outside of Stanley Knowles, a man respected and admired even by his political opponents for his record as a CCF Member of Parliament, where are your "labor men" in this group as such? They are CCF officers, one and all, first and foremost, and that is as it should be.

The election of Hazen Argue was a tribute to a courageous leader of a small, but tremendously effective caucus in the House of Commons, and there is no question in anyone's mind but that he will lead the CCF into the Founding Convention of the New Party as fearlessly and ably as he has led his caucus.

At that time, he will take his chances with no strings attached, should he decide to seek leadership of the New Party. To say that Labor objected to his election in order to gain more control is sheer nonsense.

To attempt to deride the action of the delegates on this issue is to deride a democratic action taken by the majority. If you must point a finger, direct it at the Liberals and Conservatives. When was the last time the rank and file of either party had the opportunity to express their views on their party's policy, or program. (Come to think of it, when was the last time they had a policy, or a program that was not drafted purely for voter con-

sumption, to be discarded upon assuming power?)

Yes, Mr. Argue is a farmer; one of the important groups in our economy who, despite their importance, have seen their share of the national income shrink year by year. He is one of a group who waited for the Government to fulfill its election promises of parity prices. He is one of the country-wide group faced with the ever growing problem of vertical integration, and as a result is caught in the price squeeze of the packer and wholesaler.

He is one of the group who is learning swiftly that they sit across the price bargaining table from the same persons who sit across from the Trade Unions in wage bargaining.

The fable of conflict of interest between farm and labor groups is out-dated. I am surprised that an otherwise progressive organ such as SATURDAY NIGHT is so far behind the times in this area.

LONDON, ONT.

W. READER

### Contributor

Hurray for W. S. Smith of Brantford, on "What's Really Wrong", re Automotive Industry. He has surely hit the nail right on the head. [SN Sept. 3].

May I suggest that reprints should be sent to all Canadian car dealers. I will be glad to contribute.

VANCOUVER

TRAVERS STEEVES

### Cars and Ethics

The following quotation, taken from the September issue of *Consumer Reports* is just as applicable to motor cars as it is to other products — not all of course — made in Canada and the U.S.A.

"The great American ailment is manifest on all sides, by a deepening shade in our ethics, (both business and social), a sloppiness in our services, a mediocrity in our manufacture, and a growing distrust, and even anger, in the public's mind". From a speech by Mr. Lee Bristol, chairman of the board of The Advertising Council, addressing the Sales Executive Club, N.Y.

Your correspondent, William S. Smith, points out most effectively some of the reasons why we are buying foreign cars instead of Canadian or American models. That is, if we still persist in the stupid fiction that there is any difference between the "American" and "Canadian" cars ex-



cept in the *price* the Canadian pays for the *same* article!

One point seems to have been missed, both in the article you published, and in the letters it has invoked, namely, the *deliberate* policy of "built-in obsolescence" pursued by our manufacturers, not only of cars, but many other products. Discussing this with a young "modern executive" a few days ago, I was cynically told that, if we made cars, and other things, *too good*, our economy would go to pieces, and thousands of workers would be laid off — *permanently*! My executive friend may be right, but if he *is*, then there is something very far wrong with our economic system of "Free (?) Enterprise", which I, as a simple-minded citizen, find it impossible to explain in diplomatic language.

A number of years ago, I ventured to suggest that the "six-cylinder" engine would make a come-back in the automotive field, and was roundly condemned for my "old-fashioned" ideas by a very high-priced "research dept.". Well, you know what has happened! The very people who opposed my view, are now the most vociferous in proclaiming how their "research engineers" have, at enormous expense, (so their TV commercial hints), developed a "six" of hitherto undreamed of power and flexibility, etc., etc. As some of the best of the small imported cars, including the Volkswagen, are "fours", it seems my forecast was, if anything, on the *conservative* side.

Mr. Lee Bristol is, in my humble opinion, absolutely and *very dangerously*, correct, in his frank appraisal of a disturbing situation.

MONTREAL

J. NAPIER

## Socialists and War

After reading *Critic's London Diary* your reviewer, Arnold Edinborough, concludes [SN Aug. 6] that Kingsley Martin is a latter day Jeremiah who alone foresaw the course of world events from 1931 onwards. "If the pen were really as mighty as the sword, Kingsley Martin's *London Diary* . . . would have saved us all from the carnage of the Second World War". These are extravagant claims which merit serious consideration.

According to Mr. Edinborough, the book he reviewed is "distilled from the million or more words that appeared in his (Kingsley Martin's) column". This alone points to the need for caution. If a person has written more than a million words in a weekly column, it should not be difficult to distil a bookful of wisdom twenty years later. A kindly editor can omit the rash predictions and faulty judgments.

The present writer lived in Britain throughout the 1930's. As a part of my education I read the *New Statesman* and

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If you open up the lining you would see rows on rows of tiny stitches that keep collar and lapels in the position to which they have been carefully shaped.

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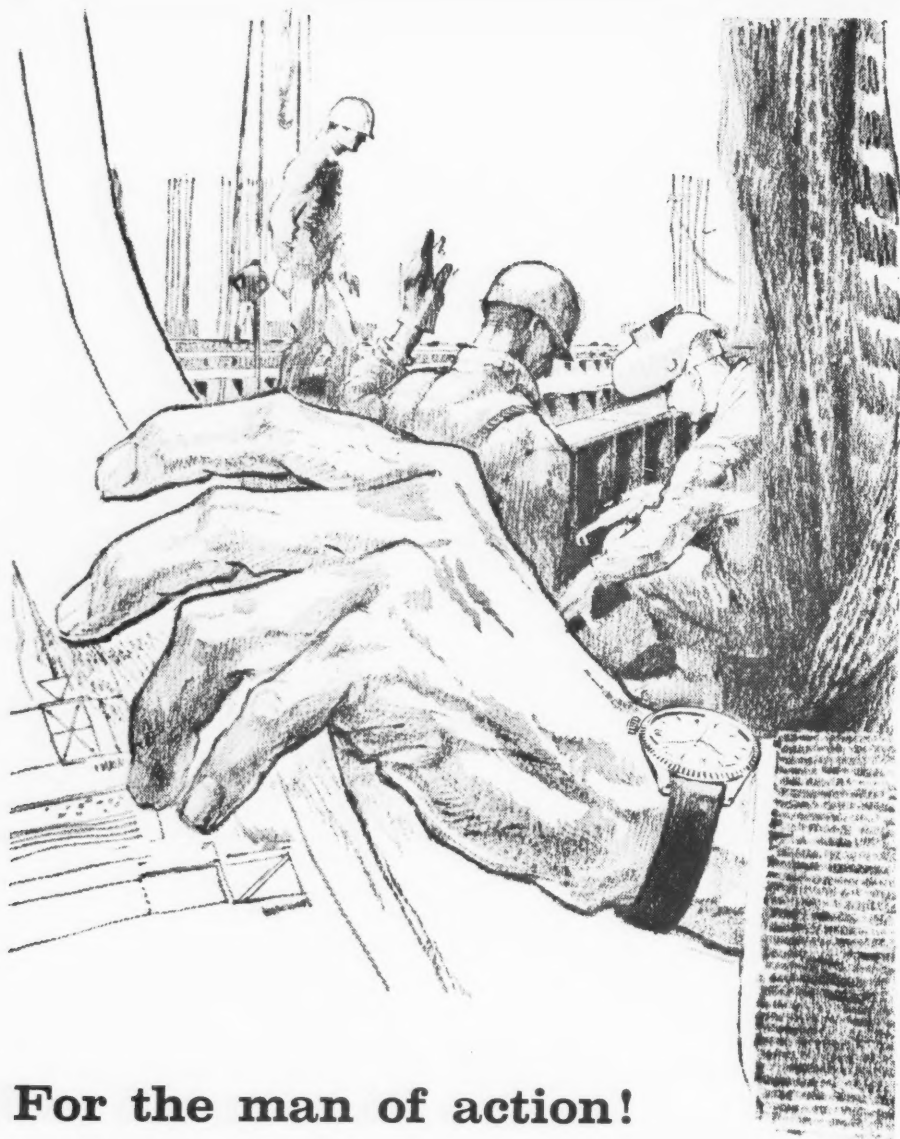
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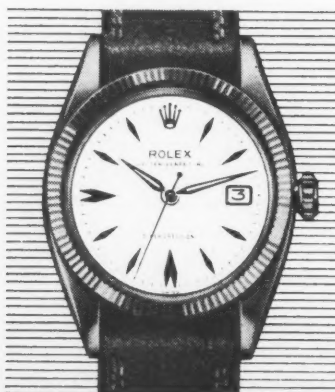
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Nation every week although I disagreed with its socialist policy. I can affirm that Kingsley Martin was by no means the only one to foresee the danger of war. Almost every intelligent person could see it coming from 1935 onwards. Certainly the government of the day could, whatever its spokesmen may have said for political purposes.

"But that was long ago and in another country". Your reviewer has stirred the embers of a nearly forgotten controversy. Its central issue was the refusal of the British socialists to face the implications of a threatening international situation. They believed, or preferred to believe, that world opinion could be rallied to thwart the dictators of Germany, Italy and Japan: that war in any cause was unthinkable and armament unnecessary.

It was as if the U.S. Democratic party today were to campaign for unilateral disarmament, relying on the moral force of the United Nations to restrain the ambitions of the USSR and China. Ironically, the British socialists of those days placed their greatest hopes for the maintenance of world peace on the USSR of Joseph Stalin.

If this interpretation seems harsh, one may note that the British socialists, or at least a vocal section of them, are still preaching unilateral disarmament for their country. Perhaps they have a better case in the nuclear age. In the 1930's it was lunacy. Their crowning folly was to oppose conscription in May 1939, only four months before the outbreak of war. One wonders if this episode is discreetly omitted from Kingsley Martin's book.

In retrospect one may sympathize with the British governments of those days. With access to intelligence reports they knew even better than Kingsley Martin the dangers that threatened. But the Fulham by-election had shown the strength of the Peace Pledge Union. What kind of a campaign was open to the conservatives at the general election of 1935? If they campaigned for the needed defences they would assuredly lose and the socialists would disarm the country.

The outcome, of course, was Baldwin's famous double talk and Chamberlain's peregrinations. Yet these undignified proceedings achieved just enough to avert complete disaster. There were just enough Spitfires and pilots to win the Battle of Britain in 1940. A socialist government, lacking the means for defence, could have offered no more resistance than the French.

Here in North America we have little cause to be critical of British leadership in those pre-war years. Few people took any interest in foreign affairs. The U.S.A. was not even a member of the League of Nations. That country would be very lonely today without the support of her allies.

SARNIA

F. J. MOOREHEAD

SATURDAY NIGHT



## Comment of the Day

### Liberals to the Left

ONE WELL-KNOWN Canadian economist was publicly characterized as smug, complacent and a man who thinks with his liver rather than his head; economists generally were described as "intellectual garage mechanics" and over some of the ideas which aroused such emotions talks went on until four or five a.m.

This was the Study Conference on National Problems held at Kingston two weeks ago. Although it was sponsored by the Liberal party, there were a number of people who are not committed to the party who waded into the discussions.

The discussions were not conclusive on many things — defence problems, in particular, seemed to produce very little agreement — but the economic future of the country produced major issues.

First, whether we should try, as Walter Gordon had suggested in a speech in Vancouver the week before, to reverse the trend of American investments in this country. Michael Barkway thought we should stick rigidly to our Canadianism. "We desperately need", he said, "a gradual, steady and purposeful reassertion of the Canadian government's will to remain master in its own house". We may need capital to develop our resources but we should see to it that the broad trade policies relevant to these resources are shaped in Canada not in New York, Cleveland or Chicago.

There is certainly a grave threat to any exporting country if its trade policies are imposed on it from without. As SATURDAY NIGHT said in its article on the automotive industry [Aug. 6], we can only survive if we cultivate our export markets as assiduously as possible. But is it likely that a wholly-owned subsidiary of an American company will try to do this if the American parent has another wholly-owned subsidiary (or plans for one) in the very country where we might generate the trade?

Unemployment, too, is a major problem in Canada at the moment and we shall have to see to it that a vigorous economic program is evolved which will automatically make many more jobs available. This, again, can best be done in Canada by people who are concerned with the aims and aspirations of the Canadian labor force. On this particular issue of depend-

ence and independence it looked as though some Liberals were getting nearer to a continental approach than ever before. It was Mr. Barkway, again, who reminded them that Mr. Diefenbaker in his election campaigns in 1957 and 1958 "made a very strong appeal to Canadians"

### Lumumba's Aria

I AM THE VERY model of a Congolese Prime Minister;

I've got a knack of keeping the United Nations in a stir.

In feuding with UN, nobody doubts I'm the epitome:

I wore Ralph Bunche's patience thin, and Dag hates every bit o' me.

I like to stroke my chin whereon a black goatee is resident;

I love my native country but I can't abide its President.

In spite of upstarts' mad designs, like stupid Joseph Ileo,

I'll keep my high position and hang on to it like billy-o.

The speeches that I make are perfect patterns of psychology:

My Red advisors check them to improve the terminology.

In short, in matters righteous, refractory and sinister,

I am the very model of a Congolese Prime Minister.

VIC

continuing yearning for independence of the United States. He said just what they wanted to hear: that we can still be masters in our own house".

The second major issue of the economy is the amount of collective spending we shall have to do to maintain our present system of social security and to expand it in any direction that may become necessary.

In a long and brilliant study paper prepared for the Conference, Tom Kent analyzed present thinking about social security and then looked to the future. He reckoned that a state medical scheme is needed and should be provided. There should also be sickness insurance to help a family eat while the breadwinner recovers his health; more unemployment

benefits; more training for employment, and "massive improvement in our educational systems". Public housing, the subsidization of industries so that they can move plants into pockets of chronic unemployment and an intelligent urban renewal scheme across the country were also needed.

Out of such economic discussions one thing emerged very clearly: if the Liberal leadership is going to take any notice of the Study Conference (and Mr. Pearson obviously is, as his opening speech showed) then the Liberal party is going to move more to the left and will probably scotch the third party before it even gets started. For the Liberal party will have to become a nationalist party which, by saving on its commitments to continental defence, may bring about some of the social schemes described as necessary by Mr. Kent. But as Michael Barkway pointed out, the Liberals of the 1960's will have to move a fair way from the St. Laurent Liberals of the '50's if they are going to do this, and Mr. Pearson will probably have to shove hard to make them move.

### Pick & Shovel, Body & Soul

WITH NEARLY ONE-THIRD of a million people unemployed and looking for work in August it is clear that we are in for a fairly rigorous winter. It is likely that we shall have well over half a million people unemployed before Christmas and after Christmas the pinch really starts when the temporary help in retail stores is discharged.

The causes for this unemployment are still obscure — wages are up, productivity is up, exports are up, the gross national product is up — yet unemployment is up too.

Part of the answer may lie in the fact that we have so many people in service industries now that the fluctuations of employment in the manufacturing industry do not show up so quickly in the economy as they once did. Again, there are hundreds of thousands of households where the wife may be still earning enough money for groceries when the man has been out of work for a month or more.

There is no doubt, too, that automation is part of the problem. The railways have discharged men, so have the car manufacturers, so has the textile industry. Yet

OOH!

and

AHH!

Not long ago a young lady remarked to Monsieur Courtot that she had never dared to enter his shop before because everything in it looked so expensive, including the salon!

That is the beauty of fine furs: they look expensive, they feel expensive, they make you feel like a million dollars, and they make everyone else look twice at you!

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Do not envy her.

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And when you come in, you will be made to feel very welcome, even if you only wish to touch and look and ooh! and ahh!

Only the very finest furs are available at Jean Courtot's. How, then, can we say that they are not necessarily expensive or beyond the reach of the not-very-rich? The answer is simply this:

It is far better, in terms of both pride and pocket, to wear a superb Persian lamb which will last forever, than a poor mink coat for a few seasons. If you agree with this philosophy, you will be happiest with a Jean Courtot fur.

LONDON



NEW YORK

*Jean Courtot*

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there are openings for semi-skilled people in a number of industries. It just is that we don't have the number of semi-skilled people to fill the kind of jobs now vacant.

It makes good short-run sense, therefore, for the Government to announce, as it did on September 7, that the municipal winter works incentive program will begin October 15 and not end until April 30, 1961.

By advancing the operative period of the plan by six weeks it is hoped that construction work and particularly work on municipal improvements, not only on roads and streets, but also on sewage and drainage facilities, will provide jobs for an extra twenty thousand people.

But to create jobs for men with picks and shovels doesn't obscure the fact that their inability to use anything else is why they are out of work in the first place. Nor are we going to solve the problems of automation and its impact on the work force by sending unemployed steel and auto workers out to do tree and windfall removal, tree trimming or to construct beaches, storage basins or "prairie dug-outs."

It may help them to keep body and soul together this winter and for such a purpose the program is welcome, but it will not keep our total economy together for very long. That is what we should be planning for.

## When in Rome

THE OLYMPIC GAMES is the place where amateur sportsmen of the world meet every four years in hard, but allegedly friendly, competition. But this year, as in other years, sportsmanship seemed to take a beating. A woman on the English team was alleged to be a man, and a Danish cyclist collapsed and died as a result of taking a special drug before his race. Half the referees in the boxing and wrestling were discharged for not taking their job sufficiently dispassionately, and the more sensational papers even decried the scanty transparent running-shorts of the Russian women claiming that these gave the Russians an advantage over the more opaquely and decently clad limbs of competitors from the democracies.

Much of this bickering can be put down to the hot weather pique of journalists unused to exertion themselves and exhausted by watching it in others.

But there is one lesson which Canada at least can learn from the Olympic Games. We have no interest in athletics as a nation; we have very few facilities for them, and we are much happier to sit on our bottoms in front of the TV or on bleachers at the football game than we are to get on to our feet and to jog around a track ourselves.

We should be wary of this. The Russians swept many of the events at this year's Olympics and if we cannot see that

writing on the wall, we should remember that Germany swept them in 1936.

In the competition for men's minds we can't afford to be intellectually or physically lazy, yet that we are, was shown by the pitiful results our athletes achieved in Rome.

If we are to make the world safe for democracy or, to be less pompous, if we are to make the world safe for our children, a little more physical training is not only desirable, it is essential.

## The White Man's Burden

IN THIS ISSUE two writers who know the areas well give sketches of South America and Africa. These two great land areas contain between them millions of people not yet allied with Communism, nor yet securely on the side of capitalism and democracy.

In both areas there is serious trouble now and, as Mr. Sanger suggests, we must learn the lessons from this uproar before it is too late.

The first lesson is that we cannot stop the process of self-determination. The poor and oppressed of the world are determined to govern themselves even if they make hideous mistakes when they first start to do it. All we can do is to help them to realize their aims as quickly and safely as possible.

A Lumumba, an Mboya, a Castro are determined to do it their way and we can't really stop them. If we do, the Russians will help them instead.

The second thing is that this is going to cost money, lots of money. Our present aid to under-developed countries (so-called) is not insignificant, but it is certainly not enough. If we are to look like anything else but fat dogs in the manger, we shall have to find money in our national budgets, and experts from our national pool of trained minds, to help those who cannot help themselves even though they desperately want to.

The third thing to realize is that we shall get nothing tangible out of this. The day of colonial exploitation, or even of Imperial preference, is dead. The only return we can expect is a sympathetic hearing of our side of the economic argument and an assurance that such countries will not allow Communistic imperialism to take them over under the guise of friendship.

Fourth, and this is perhaps the most difficult of all, we must accustom ourselves to the idea that the future of the world doesn't lie exclusively in the hands of white Christians. It must lie, if there is to be a future, in the many different colored hands of men of goodwill. To cultivate that goodwill with as little self-interest as possible, is the white man's burden of this second half of the twentieth century.



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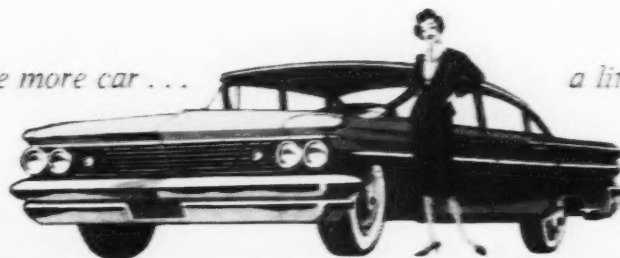


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# The Congo: Africa Watches and Learns

by Clyde Sanger

THE SPECTACULAR and appalling events in the Congo have been so shattering that it is now common to hear in other parts of Africa the phrase "before the Congo": a phrase which recognises the fact that the quick independence given to the Congo — and the quicker administrative chaos into which it fell — abruptly ended one era in the evolution of African states. But has the Congo helped to start another period of steadier evolution among her neighbors?

The Congo is the centre point of Africa in more than merely the geographical sense; what has happened there cannot help but affect the futures of East and Central Africa. But it is difficult to see yet whether the right lessons are being learned from the Congo disaster. If Stur Linner, the young Swedish professor-turned-businessman who was made head of the United Nations' technical aid mission to the Congo, were not so overwhelmingly busy in Leopoldville building up an administration from the foundations again, it would be worth suggesting that he took time off one month soon to tour the surrounding countries, and lecture in Salisbury and Nairobi. But as it is, these countries and the British Colonial Office will have to draw their own conclusions, without the professor's help.

There are two attitudes to the Congo which must be condemned at the start. The first prevails among white Rhodesians, whose newspapers were calling Congolese independence "this sordid farce" even before the curtains had been raised. Today in Rhodesia white politicians who tend towards conservatism (and most of them do more than that) raise an approving grunt from their audiences with the simple phrase "You all know what happened in the Congo. I don't need to say more than that."

This inarticulate but meaningful phrase is universally interpreted as "This is what happens when you give freedom to the natives. Government must be kept in the hands of civilised men for the foreseeable future, if not for all time". Civilised, it need hardly be added, means white.

The other attitude is held by most African politicians and, to some extent, by Colonial Office administrators. It is expressed in different ways but amounts to this: the Belgians were entirely to blame, first by not training any Congolese to take part in politics and administration, and then by leaving the country so precipitately. The condition of our country, these people add, is quite different from that in the Congo, and the two situations cannot be compared.

Both these attitudes are entirely wrong-headed. As Professor de Kiewitt, president of Rochester University, said in Salisbury last month, "Africa is a maternity ward full of premature babies. It is too late to talk about birth control". On the

other side, those who think (or at least say they think) that the Congo need not make them modify or alter their plans deceive themselves, and hurt their countries' futures.

In this category come not only some of the African nationalists, but even a middle-of-the-road driver like Sir Edgar Whitehead, premier of Southern Rhodesia, who said recently: "These events will not make us put the clock back; neither will they make us move the other way". Whitehead and the rest are still living in the "before Congo" era. Let us see what lessons they still have to learn.

It was Henry Morton Stanley, the orphan from the Welsh workhouse who fought on both sides in the American Civil War, who first put the huge Congo together for King Leopold II. Eighty years later, the Congo has come near to falling apart again, and the workhouse and the civil war seem sadly symbolic of the full circle the country has run. Tribalism has not disappeared in three generations of Belgian rule — how could anyone expect that it would?

In the Congolese elections more than 130 parties entered, and only Lumumba's *Mouvement National Congolais* rose above tribalism and campaigned on a national ticket for a unitary state. Since he won merely a quarter of the seats, he was only able to form a government by making a Ministry of All The Talents. Or rather, nearly all; because, despite the creation of a government with 23 full-blown Ministers and 13 junior Ministers, he was unable to satisfy three important tribal leaders.

The days before independence were enlivened in Leopoldville by minor riots which began after Jean Bolikango had harangued his Bangala supporters, and Albert Kalondji had stirred his Lulua



UN's Bunche with Congo's Tshombe.



*Kikuyu tribes from villages like this comprise a quarter of Kenya's population.*

followers. Moise Tshombe went grumbling back to his Lunda tribesmen in Katanga, and began preparations for the secession of his province. In Equator and Kasai provinces Bolikango and Kalondji also tried to set up secessionist governments; and the prime secessionist, Joseph Kasavubu, was only deterred from taking his Bakongo people into union with the Abbé Fulbert's Congo Republic across the river by the fact that he was elected Head of State.

This intense tribalism is not peculiar to the Congo. It is unknown in Southern Rhodesia where the Mashona have intermarried with the Matabele (forcibly in the early cases since they were usually captive women taken in raids by the Matabele, an offshoot of the Zulu). Again tribalism is not strong in Nyasaland, although the Tonga seem to produce most of the politicians. In Northern Rhodesia it is much stronger and if Kenneth Kaunda, the nationalist leader who is devoted to Gandhian principles of non-violence, starts to lose popularity, he will be further handicapped when Bemba politicians remind their crowds that Kaunda's parents were both Tonga and that his father came from Nyasaland as a Church of Scotland evangelist.

It is in East Africa where tribalism is of a strength to compare with the Congo. Zanzibar is a special case; the division there is not so much between different Bantu tribes, but between Bantu and Arab, between (in some instances) the grandson of a former slave and the grandson of a former trader. There are 200,000 Africans on the island of cloves, and only 40,000 Arabs; so it was no surprise in 1957 when the Afro-Shirazi Party beat Sheikh Ali Muhsin's Arab-dominated Nationalist Party.

The Afro-Shirazi Party has since split, and the suave Sheikh appears at pan-African conferences confidently predicting an election victory next year, when Zanzibar takes a large stride towards self-government. But it would be more reasonable to expect that the voters will run true to type (or race) and reject Sheikh Ali.

Tanganyika is getting used to providing the exception to the rules of trouble in

Africa. There are said to be (according to the 1957 census) no fewer than 129 tribes among its 9 million people, and they range from primitive nomads to the Wachagga people with its prosperous Kilimanjaro Coffee Cooperative and its neat pyramid of councils which seems exactly copied from a local government textbook.

Nevertheless, Tanganyika is a happily united country; so united, in fact, that the elections contested at the end of August were won long before polling day since in 58 of the 73 constituencies a TANU (Tanganyika African National Union) candidate was unopposed. Julius Nyerere, the TANU president, a dapper ex-schoolteacher easily caricatured with his twinkling eyes, toothbrush mustache and ivory cane, has quietly moulded a nation. One reason for his success may be that he comes from one of the least known tribes, has aroused no tribal jealousies and has managed to make his countrymen rise above tribalism.

The same has unhappily not been the case in Kenya. There is in Kenya a whole spectrum of tribes, from the Hamitic nomads in the North to the honey-loving Wanderobo forest people who share a common origin with the Bushmen of South Africa. The Kikuyu, a Bantu tribe, make up a quarter of Kenya's population of 6½ million and, like the Baganda, have been compared to the Jews for their intelligence and skill in reaching high positions in a mixed society. Like the Jews, too, they make their enemies.

In May the Kenya Africa National Union was formed, and the principal offices were taken by politicians from the Kikuyu group of tribes — with the exception that Tom Mboya, although a Luo, was too outstanding to ignore. So Mboya became general secretary and the Nilotic Luo, who themselves made many enemies less than a century ago when they fought their way south, came into KANU behind him.

Reacting from this, leaders of other smaller tribes formed the Kenya African Democratic Union two months ago. KADU links the nomadic Somalis with the model-farming Kipsigis, the coastal

tribes with the magnificent Masai warriors. But this is an association of the tribes on the periphery, united mainly in opposition to the central Kikuyu and Luo. The Masai particularly have reason to look for such allies, since their wide grazing lands, secured from the British Government by treaty in 1904, are eyed with envy by the Kikuyu living in densely populated acres. Already the Luo have encroached on Masai land.

These two groups are almost evenly matched in numbers, and a third group, the Buluhya Political Union, was soon afterwards formed of 16 major tribal divisions who are again no friends of the neighboring Luo.

Some political commentators have welcomed these groups as evidence of the growth of a western-style political party system. But, although KADU offers to accept anyone and lays great stress on democracy as its touchstone, the divisions between the parties are tribal rather than ideological. In the elections next January, when Kenya Africans have their first opportunity to dominate Legislative Council, the voting is almost certainly to be along tribal lines. And for a country heading for independence within (presumably) half-a-dozen years, the comparison with the Congo's tribal division is perhaps a little too close to be comfortable.

In Uganda the tribal rivalries have delayed progress to independence for a decade. The Baganda, with a well-developed bureaucracy and strong allegiance to their Kabaka, also comprise a quarter of the population of 6½ million. The Baganda refuse to let their kingdom be absorbed into a unitary state, although they could dominate it by wealth and brains if not by numbers. The Colonial Office Government has swung round during the last two years to favouring a union, rather than an amalgamation of the four provinces.

But some nationalist politicians want elections before a constitutional conference which would decide the future form of the country, and the Baganda Govern-



*Patrice Lumumba was no more than a post-office clerk a few years ago, now vies for Congolese leadership.*



ment say they will boycott elections unless the future form of Uganda is settled first. The Governor has tried to compromise by having the elections in the middle of the constitutional talks, and seems only to have succeeded in getting the worst of both worlds.

These may be thought to be troubles native to the different countries and unconnected to the Congo situation. So they are, to a degree. But East African politicians can learn from the Congo about the dangers of using tribalism to gain political power. There may be a hopeful rapprochement of the different groups before the elections in Uganda, Kenya and Zanzibar next year. On the other hand, the example of Dr. Nkrumah may be followed, and the need be felt for a strong man to build firm central governments by breaking the power of oppositions, as Nkrumah humbled the Ashanti. A Westerner obviously prefers the course of peaceful association or of federation between consenting units; but this way may not be the pattern for Africa. At any rate, African leaders will now have before them the dramatic story of Congolese splinterings, and can make their choice with that experience fresh in their minds.

If the Congo has demonstrated nothing else, it should have shown the disaster of unpreparedness. Ethelred the Unready was the most provident and capable of men, compared with the new Republic of the Congo. It is not the fault of the Congolese that they do not possess a lawyer, a doctor or an engineer among their 13 million people. The two universities, Lovanium and Elisabethville, did not open until 1956 and Congolese students were not welcome in Belgium. Lumumba and several other ministers were no more than post office clerks a few years ago, because this was as high as a Congolese could then go in the professions.

The Force Publique of 22,000 soldiers was officered entirely by Belgians and the first Congolese cadets only went to Belgium for training this year. When the Force Publique mutinied and drove away its officers, its first new general was an ex-sergeant-major; and when he showed so little sense of strategy as to be found alone behind Tshombe's lines in Katanga, his replacement as general was the Minister of Youth and Sport, who had been no closer to the Army than processing military telegrams in the post office.

Much of this would be amusing if the Congo was some kind of Ruritania. But not only has the administrative chaos there made many whites conclude that Africans are *ipso facto* incapable of administration; it has also shocked the more reflective people in East and Central Africa into realizing that the situation is potentially no better in their own countries. The hope is that all whites will see the need for far speedier Africanisation of

administrations, so that the future leaders can have the luxury of making their first inevitable mistakes while there are whites in a position to retrieve them.

Take a look at some of these countries and you will find the speed of Africanisation dishearteningly slow. Remember Dr. de Kiewitt: there is no way of preventing the premature babies being born; they have to be nursed into good health without delay.

Southern Rhodesia and Nyasaland boast two African medical doctors and one African lawyer each. Northern Rhodesia has no African doctor and its single African lawyer is in exile, avoiding a political charge of sedition. There is no African commissioned officer in the Federal Army or Air Force or any of the territorial police forces. Southern Rhodesia has not yet got round to accepting Africans into its civil service, a move which the Federal Government made only two years ago.

The University College in Salisbury produced its first graduates last year, but the numbers of Africans at the college are very few (about 50) because only

dents (81 last year and more than 240 next month) to North American colleges for a "crash" program of higher education. In Tanganyika, with only 20,000 whites, Africans have been advanced more swiftly; in an economically poor country like Tanganyika, this has taken the form of organizing cooperatives (there were 546 registered societies with a \$25 million turnover in 1958) and of planning community development. A special Africanization department has been set up in the Tanganyika government this month.

Yet there is still no African commissioned officer in the King's African Rifles, nor an African District Commissioner in Kenya. This contrasts poorly even with Somaliland Protectorate, which had Somali DC's in 1953 and was still considered a skinny fledgling when it left the colonial nest to test its wings this June.

Clearly, all sorts of "crash programs" are needed in East Africa to prepare enough Africans to take over important positions. One such program — the sending of 81 Kenyans to American uni-



Congo university at Lovanium did not open until 1956, is too little, too late.

three African secondary schools teach up to university entrance level. There are about 200 African graduates in the whole Central African Federation, most of them having studied in South Africa.

The position in East Africa is certainly better, but not so much better as to allow complacency. There are more than 20 lawyers in Uganda, and lawyers (even outside North America) are acknowledged the men most likely to make solid, sensible, progressive politicians. Makerere, the University College of East Africa at Kampala, had 881 students last year (nearly all of them African) and a \$250 million educational development scheme was completed in Uganda two years ahead of time.

In Kenya, the Royal Technical College is soon to be raised to university college status; in the meantime Tom Mboya has been organizing airlifts of Kenya stu-

versities through Tom Mboya's initiative last year — has aroused criticism because it is said many students were sent to inferior colleges and got poor grades. But a certain lowering of standards will have to be accepted if enough people are going to get the chance of training.

As one optimistic African correspondent to *The East African Standard* put it recently, "In the Civil Service we must accept a measure of lowering standards in the sense of a backward step for the forward spring." He was drawing this as a direct lesson from the Congo, and he added that eight Africans should be getting experience as Ministers in Kenya now, instead of the present four.

There has been talk among African politicians about delaying independence for a time in order to come to nationhood more prepared. Masinde Muliro, a South African-educated Kenyan leader,

wrote this month: "It would be better to delay Kenya's independence for a year than move too quickly. We want a government that suits the individuals who live here, and if it is necessary to delay independence for a period in order to overcome the obstacles of tribalism and racialism, then I would prefer that."

This is not a popular view among Africans in Kenya. Muliro is vice-chairman of KADU, and its rivalry with KANU drives the other party into emotional appeals. Mboya, the smooth and brilliant trade union leader who is also secretary-general of KANU, breezed into KADU country and strove to win support by saying they would make no attempt to work the new Macleod constitution and would have the Union Jack hauled down in Kenya by next March.

It is at this stage that the two-party system, beloved of Western democracies, seems to fail. If two or more African parties set up in a country, the one which is more extremist and makes more picturesque promises, always prevails. It is only in countries like Tanganyika and Nyasaland, where Julius Nyerere and Dr. Hastings Banda have gained nearly unanimous support, that a nationalist party can afford to make concessions to some of the harsher realities of evolution.

Another argument for the one-party system in newly independent countries is that there is such a scarcity of educated talent that the country simply cannot afford the luxury of keeping able administrators in opposition parties. The hope is that these countries will work out a form of single-party politics in which there is room for differences and arguments so that new policies may be evolved in that fashion. Britain had, in the seventeenth and eighteenth centuries, long periods of such rule. The danger of totalitarianism, on the other hand, is obvious.

Julius Nyerere also suggested that Tanganyika should delay her independence; but this was for a slightly different reason, because he is worried neither by tribalism nor racialism. He sees the piecemeal granting of independence to African states as harmful, because these small units merely exchange political domination for economic dependence on a large foreign power. He wants Uganda, Kenya, Zanzibar and Tanganyika all to achieve independence at the same time, and immediately merge in an East African Federation. (The framework is already there, with the twelve-year old East African High Commission which runs the railways and telegraphs, collects the income tax and finances research services.)

There is general — but not yet fervent — support for this proposal which he laid before the Conference of Independent African States in June. There has always been a fear of Balkanization in Africa, and Nyerere's proposal for a federation

of some twenty-two million people is aimed at destroying such a fear. Again the seeming disintegration of the Congo, the efforts of Katanga with only 1½ million people to secede, and the worldwide realization that the Congo (and all Africa) stands only to lose by such Balkanization, has strengthened Nyerere's argument greatly.

There is a final lesson from the Congo for these territories. The flight of the Belgians was precipitate, often unnecessary and will harm the Congo immensely, since so many Congolese have been thrown out of work by their departure. But the flight was easy to understand. For the



*Maj. Weber commands Katanga forces.*

Belgians never had a sense of belonging in the Congo. Nearly all of the 100,000 Belgians were recruited in Belgium on short contracts, and while in the Congo owned neither house nor land nor a vote. When the only government they had a share in deserted them, they fled.

In East and Central Africa the white man has had a real sense of belonging, although at present many are doubting its strength. The farmers in the White Highlands of Kenya have been disheartened ever since Mr. Macleod paved the way in January for an African majority in Legislative Council next year. They have tried to get the British government to help stabilize faltering land values with a "cushion" fund, or else promise to compensate them if a future African government expropriates their land. But the realization is growing that their main safeguard lies in racial goodwill, and if they wish to assure their rights they must surrender their privileges.

There is just time for them to make such moves, and have the gesture interpreted as coming from goodheartedness rather than from compulsion. The Kenya government announced this month plans to spend \$30 millions on developing parts of the once-White Highlands for African farmers. Plans like these the Congo has made even more urgent.

There are some non-African communities which may partially disappear with independence. In Northern Tanganyika, despite the country's reputation of tolerance, a group of about 200 Afrikaner farmers are reported to have applied for passports and to have complained of intimidation. In Nairobi, the immigration department has been dealing with 500 passport applications every week since the Congo's independence: most of these are from the wives and children of Indian small traders, who fear Africans will pay them back for the profit margins they have exacted in the past. These fears were engendered by the Congo, but African leaders have a few months in which to recognize and dissipate them.

The Southern Rhodesian disturbances, during which eleven Africans were shot dead, had at least one root in the Congolese troubles. The Africans there compared the generous welcome which the Rhodesian government gave to thousands of Belgian refugees, with the hostile reception shown to the Africans and white liberals who fled from South Africa after Sharpeville and had to be smuggled through the country or else flown over it in chartered planes to escape extradition.

The alarming tales spread by the Belgian refugees, coupled with the local disturbances, sent whites off to form private armies in Salisbury, and Sir Edgar Whitehead to promise direct repression. Only several weeks later did the hysteria (the "laager" complex was how one courageous editor described it when he attacked the general attitude) die down, and Whitehead begin to make promises of positive reform, such as enlarging the Assembly so as to allow African representation for the first time.

Recently I spoke to a group of about 80 Africans in Nyeri, the centre of former Mau Mau activities, about the Congo. I drew much the same lessons as in this article. For an hour after my talk they asked intelligent and searching questions. The local KANU candidate made a speech of thanks, and the local Special Branch Police officer drank beer with him and agreed with nearly all that was said. It was an immensely encouraging evening.

The problems of the Congo, everyone seemed to understand, were not different in kind from their own, but different perhaps in degree. The events in the Congo has projected onto a huge screen the same dangers which face them. The lesson, in a most graphic and immense form, was plain to see. Kenya and Uganda have special problems of their own to overcome — for instance, the inevitable release of Jomo Kenyatta, convicted in 1952 as the manager of Mau Mau — but they have had the plainest possible warning of how urgent are reforms in East Africa. Great good may yet come from the Congo's turmoil.



# The Poker-Faces of Latin America

by A. J. Knowles

*Canadians have little conception of Latin America, regard it as series of banana republics exporting wool, coffee, little else.*



WITH CASTRO'S TAUNTING of the United States, Canada is now well aware of Latin America.

But it is only very recently that we have shown such interest. Before that, Canadians knew that the Brazilian Traction Light & Power Co. of Toronto had big interests in several Brazilian cities; and many Canadians drew juicy dividends on its stock — for a while. Canadians also knew that several Canadian banks and insurance companies had branches in a few Latin American cities; that considerable quantities of cod fish and potatoes were shipped there from the Maritimes; and that our pulp and paper industries, and a number of other industrial firms, were occasionally favored with substantial orders. They also knew that much of our sugar and coffee came from there, and that Venezuela was one of the principal suppliers of the oil we use.

Before the last war, we had no Legations, and few Trade Commissioners, in Latin America, so there was little intercourse with the people. Air-line flights were irregular and risky, and steamship service was slow. Latin American economy was almost wholly agricultural; and, as Canada's industrialization was not then very far advanced, our respective interests were largely competitive. Argentina exported wheat and beef in great quantity, Uruguay wool, and Latin America had vast mineral resources, which paralleled ours.

Geographically, we had little conception of Latin America. We regarded its vast hinterlands in much the same way as we thought of our own northlands at that time. Their Indians were something like our Eskimos; and the Latins themselves were happy-go-lucky people who did

not count for much in world affairs. Obsessed with the philosophy of "manana", they spent most of their time in the shade of the banyan trees, thinking of women and song, when not rounding up cattle or gathering beans or bananas.

Today, all that is changed, and the "banana republics" are few. Latin America has been industrializing too, and great as has been the growth of Canada in the past two decades, theirs has been greater. As the fastest growing area in the world, its population of 200 million — the same as that of the USA and Canada combined — should soon surpass us. Beautiful modern cities have arisen — some, like Brasilia, in the jungle — and civilization's mantle is falling rapidly over an area almost as big as North America.

Brazil alone is almost as large as Canada, and the cities of Rio de Janeiro and Sao Paulo are growing more rapidly than any others in the world. Paradoxical as it is, the luxurious district of Copacabana is more densely populated than Hong Kong, and its buildings tower into the skies with the mountains that lie behind it. In some streets in Rio de Janeiro, buildings must not be less than 22 stories high, and the architecture and appointments of many are superb. As with Brazil, so it is, in varying degree, with the other Latin countries. The wealth that one sees in Latin American cities is dazzling. Compared with many of them, Canadian cities are mediocre and austere.

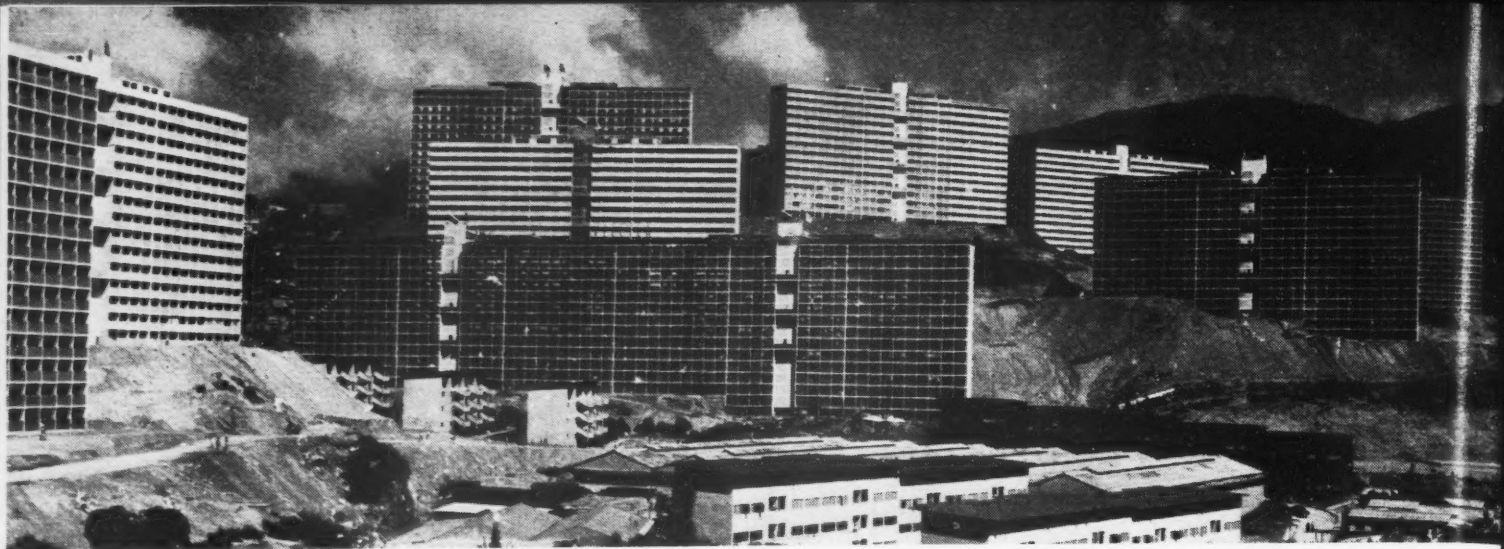
But beautiful facades often cover inner defects. It is sometimes necessary to climb all 22 stories because of electricity failure, or wait many minutes for an over-crowded elevator on the frequent occasions when power is rationed. Installations of all kinds may cause endless trouble, because, being "similars" produced locally under protec-

tive monopoly, they are considerably short of Canadian standards. Garbage collection is often in arrears because of budget deficits; the water faucets are often dry on account of water shortage; and the inadequate sewerage systems are horribly choked. House telephone service is rarely available to the ordinary citizen. My own name was on the waiting lists in Brazil for eight years, but I was never able to get a telephone.

In many countries, automobiles can only be purchased at fantastic prices — several times that in Canada — through black markets, or on the basis of luxury exchange rates. In Brazil the official rate of exchange is about 19 cruzeiros per dollar, against the free market rate of about 170 per dollar. But special category importation certificates cost about 375 cruzeiros per dollar. The reasons for this are shortage of foreign currency, inflation, and the import-export regulations which have been introduced to cope with the exchange problem. It is chronic, and tends to get worse.

Also hidden by the facades of the tall buildings are the shanties that house most of the population. The majority of them are in the rural areas, where the inhabitants' standard of living is much lower than that of industrial workers. The productivity of Latin America's farm laborers is only one-fifth that of their counterparts in Canada, because they lack the equipment and techniques to match them. In the cities, industrial workers produce as much as Canadians do, when their equipment and techniques are matched. Machines respond equally to hands of all nationalities and colors, and the Latin works just as hard, and, when trained, as efficiently as the Canadian does.





*Beautiful modern cities have arisen in Latin America. Some are growing more rapidly than any in the world.*

Nevertheless, the great majority of Latin Americans are poorly housed, badly clothed and under-nourished. Half of them are illiterate, and an untold number suffer from sickness or disease which could be cured by proper medical treatment. Many are extremely superstitious, and most of them resort to the cult doctors in the absence of trained medical practitioners and hospitals. Yet, in the big cities, the standards of medicine and dentistry are very high.

The best indication of the disparity between Canada and Latin America is perhaps to be found in the fact that whereas 200 million Latin Americans in 20 sovereign countries produced goods and services to the value of \$60 billion last year, 18 million Canadians produced \$34 billion. That gives the Latin American an income of \$300 a year, and the Canadian \$1,900 — or more than six times as much.

To understand this disparity we must turn back the pages of history. Most Latin countries won nationhood early in the 19th century — several decades before Canada confederated. But whereas Canada consolidated as one compact geographical area — as the USA did — and provided a freely accessible pool for skills and resources, and a wide market for products, the four largest Spanish and Portuguese States disintegrated into 13 sovereign nations which fought with each other. Altogether there are now 20 sovereign states, most of them fighting each other with tariff and trade restrictions and 20 different currencies with continually jumping exchange values. Others are still arguing about boundaries. But some of them are beginning to understand this modern age, and have recently taken steps towards common markets which may ultimately lead to union.

In the development of Canada, attractive inducements were offered suitable immigrants, and large tracts of land were given to those who would work them. Moreover, wherever people settled, community services, including health and education, were provided. The influx of

skilled immigrants, and the inflow of foreign capital, eventually made mass production possible. Immigrants found the freedom and opportunities the lack of which induced them to abandon their native lands, and capital was given the security and rewards that attracted it.

Above all, wealth and political power have been constantly spread, and few do not share in them today. Under these conditions Canada prospered. Efficiency and integrity of character brought savings which have been ploughed back into the productive economy. The result is that there is now an investment of some \$20,000 behind every industrial worker, and everyone's living standard has risen greatly.

The Latin American colonies were governed by military men who were granted vast areas of land, and almost absolute power. The Church, because of its role in pacifying the Indians, was also accorded special privileges and given large grants of territory. When the colonies were liberated, however, the political and economic power of the Church was drastically curtailed; but the military dictators who replaced the colonial governors continued to impoverish their subjects so as to keep wealth and political power in the hands of the ruling groups. Known as "caudillos", their era has almost ended with the fall of so many of them in recent years. But Latin American armies still regard themselves as inheritors of the constitutional roles which were originally vested in Emperors and Crowns.

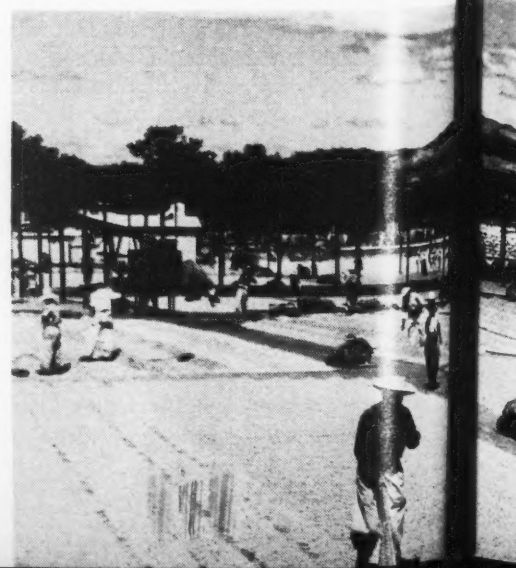
For the reasons given, most of the land in Latin America is still owned by a very few people, and there are still foreign companies that own areas larger than several European countries combined. Only one out of every twenty acres of Latin America is under cultivation, and most areas are inaccessible due to lack of roads and transport. In the same way that the land has been monopolised by the few, the wealth has not been shared, and Latins have never enjoyed the freedoms, and rarely the opportunities that are the birthright of all Canadians.

When Canada became a nation it be-

gan to build its own traditions and culture, and, if we have not made much progress, the values on which we base them have always been secure. But as feudalism diminished in Latin America, and slavery was abolished, more and more people became insecure. Protection under a patron was a reality that "freedom" under democracy has not yet supplanted; so the urge to hitch to an individual rather than the State remains strong. Most Latins believe that dictators give them a better deal than democratic governments do. Their democracy has too often been "government for the governors".

The workmen and peasants of Cuba do not want democracy. Their cry is for "Fidel". The Latins have no great respect for the U.S. Congress. They have more for the Canadian House of Commons because they associate it with British justice which they have always admired. The only democracy the Latins want is the ethnic one that brought them success in racial matters, and this explains their drift towards solidarity with Asia and Africa — to the detriment of relations with North America.

Canadian development shows that if there is to be economic freedom there must be political freedom, and that these freedoms brought about the distribution of wealth and power. It has demonstrated that freely-elected governments are the best guarantee for the continuity of all



*Raw coffee beans drying in the sun at El Salvador represent mainstay of that country's export economy.*

freedoms. But one cannot be sure that these benefits will ever be appreciated by Latin Americans, because democracy, as Canadians know it, is being by-passed.

Despite feverish desire, industrial development is only beginning in Latin America as a whole, although rapid strides have been made in Argentina, Brazil, and Venezuela. The difficulty of industrialization is that it involves colossal capital outlays, and the Latins have little cash. They have tied up their savings in land and buildings. Canada, with 18 million people, has 356 big industrial corporations whose combined net worth is now about \$12 billion — and thousands of small firms in addition. To industrialize on the same scale, Latin America's 200 million people would need over 3600 big corporations with a net worth of about \$120 billion — and nearly five million small firms in addition.

The money for this can only come from savings, or loans, or foreign investments. Canada's big corporation load is equal to a third of her gross national income for a year; but the Latin load would equal the gross national product of her 20 nations for two years, at present values. (As industrialization progresses output increases and the investment load would decrease proportionately.) The implications are staggering, and if these figures have any validity they show that foreign aid can never meet Latin America's needs.

The distinguished economist, Barbara Ward, holds that one per cent per annum of the GNP of the advanced nations would take care of the needs of the under-developed ones. As this writer sees it, however, Latin America's population is growing faster than its means of production can be expanded, and as our own living standards continue to rise every year the gap between us is steadily widening.

Failure to diversify production has retarded Latin America. Cuba depends on sugar; Chile and Peru on copper; and Bolivia on tin. Coffee exports represent one fifth of all Latin exports, and several countries are almost wholly dependent on it for import exchange (Salvador, Brazil, Colombia, and Guatemala). As the prices

of these commodities fluctuate considerably, the economies of the producing countries have always been unstable.

Incompetent bureaucracies and improvident governments, aggravated by chauvinistic nationalism, also hinder progress. Argentina long resisted development of her petroleum resources by foreign companies, and Brazil enacted drastic laws to retain control over hers. The result is that she has a trickling production, and last year she had to pay out \$250 million to import petroleum. This coldness towards foreign participation is one of the most damaging aspects of Latin American policy. It is surprising that private capital from the USA has continued to flow in at the rate of nearly \$500 million annually since 1950.

However disinterested Canadians were in the past, awareness of our responsibility as a power whose influence in world affairs is growing impels us to look southwards beyond the Equator. Latin America offers a challenge we cannot escape. Many Canadians know it well today. Our government has Legations, or Consulates or Representatives, in many of its cities, and — if I may say so — I think Canada is represented by a body of able and active young men. The trouble is that they do not stay long enough in one place, but are shuffled around before they can become as useful as they otherwise might be.

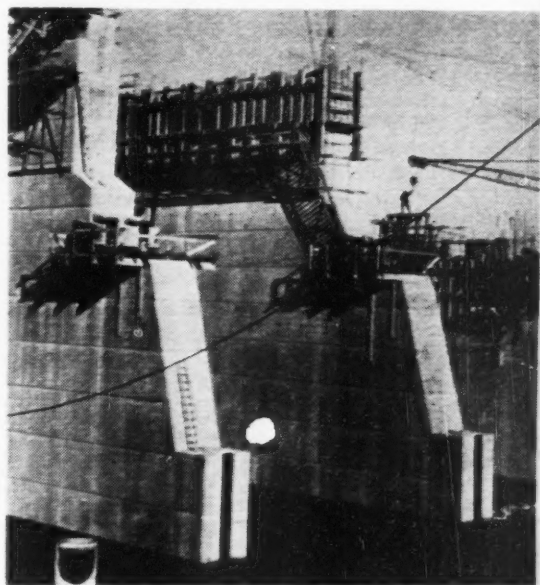
Canadian business is well represented there too. The Aluminum Company of Canada is well established as "S. A. Alumínio do Brasil"; and, while not in the same industrial category, Cinzano Ltd. and Seagrams have become well-known names. Canadian tractor plants have a high reputation for their products, and most of the U.S. companies which have affiliates in Canada also have large subsidiaries in Latin America. Although Canadian business generally does not figure among the big names, one is surprised to find how many Canadians can assemble at the Legations on Dominion Day.

Canadian teachers, priests and nuns are to be found all over Latin America. Canadian banks first went there at the turn of the century and are part and parcel of the communities in which they are established. A Canadian, Van Horne, built the Cuba Railroad Company. Insurance companies have been handicapped in many places by discriminatory legislation; and the gigantic Brazilian Traction Co., whose contribution to modern Brazil is incalculable, is steadily becoming less Canadian and more Brazilian. The Canadians have been moving home now that the Brazilians think they can handle it. Nationalism is very unkind to those who make it possible.

Although envied, Americans are not usually popular in Latin America. Their salaries and living standards are too high, and wherever many Americans go costs

immediately rise. Few assimilate as well as the British do, nor do Canadians assimilate too well. They have too much "back home", and not many Canadians are good linguists — although the "Canadiens" are excellent linguists and assimilate more easily. In general, Canadians are not yet identified by the natives as such. One is either "Americano" or "Ingles", and the English have commanded the greater respect because they got there before the Americans — and times were different then.

The work of British hands can be seen everywhere. In Brazil there is a phrase "Pra ingles ver" which means "for English eyes". They used to put on their best front for the English and swept the dust under the carpet when they were passing. Significantly, however, while the older people in Latin America would like to be British, the younger ones would



*Hydro-electric station in Paraguay.*

prefer to be Americans. But the general attitude towards foreigners of all nationalities is that they are there to exploit; and while they must be tolerated as long as they are useful, they should get out as soon as they can be dispensed with, or become nationals if they wish to remain. The Latins are charming and hospitable people, but they can be very exasperating, and are determined to free themselves from economic serfdom and foreign dependence.

The trade potential with Latin America is great. At present, they sell the USA about \$4 billion worth of goods annually, and buy about the same amount from them. Canadian trade (exports and imports combined) only amounts to about \$400 million annually — and it is very lopsided. Half of our imports consists of oil from Venezuela. Trade with other countries is mostly by way of barter — they can only buy if they can sell — and this form of trade is likely to increase. Until their chaotic exchange situation is





rectified so that local currencies can become convertible at reasonable rates, it does not seem likely that trade with Canada can be greatly improved.

As things are at present, the trade advantages all lie with countries like Russia, Germany, and Japan, and the influence of these nations is rising rapidly. Capital goods imported from them today will call for replacements tomorrow. Canadian costs are usually too high to compete, even when credit and exchange difficulties can be overcome. \$1900 a year producers cannot easily sell \$300 a year buyers in today's world.

A matter of particular interest to Canadians is our relationship to the Organization of American States. This has become a perennial issue in the Commons. So far we have steered clear of that vacant chair in the Pan American Union Building in Washington. The 20 Latin American countries have a seat there, and so has the USA; but Canada, geographically at least an American state, has stayed aloof as a loyal member of the British Commonwealth, and a signatory of the Colombo plan and contributor to good works in Asia.

However, many of the Latins who visit Ottawa have extended unusually cordial invitations to join the Washington round table. Like all things Latin, it has fine hard wood and beautiful carving, and the chair is adorned with plush upholstery. They have practically convinced Mr. Green that, by occupying it, trade can be increased, and Canada's prestige would be further enhanced. It might even provide another Commonwealth link with Latin America.

The scope of the OAS is steadily being broadened, and Canadians might soon find themselves involved in issues on colonialism in the Americas which the OAS so strongly denounced at Caracas in 1954 (British Guiana, British Honduras etc). We might also be called upon to pass judgment on Castro v. Uncle Sam; and boundary disputes in Central America and elsewhere. As a responsible nation we should not shirk such responsibilities perhaps; but one reason why Canadian institutions enjoy relative peace in Latin America today, and our diplomats are so highly respected, is our lack of involvement in their internal affairs.

But the real joker in the OAS is that Latin Americans, always jovial on the floor, are such natural gamblers that they all have poker-faces when they sit down. And then, with Uncle Sam there, they have a habit of raising the ante. If Canada fills that seat, she will have to lay down chips too, and we are not as rich as Uncle Sam. There are many reasons why we should keep a friendly eye on that vacant chair, but, for her taxpayers' sake, Canada should not sit in it until the pins have been taken out of the cushion.

# Eichmann's Capture And Its Consequences

by Raymond Spencer Rodgers

IS THERE A GROWING awareness in the world of the relevance of international law? The fuss over the Eichmann abduction may show that. But it seems to me that the attitudes of many countries — including Argentina and Israel — would indicate that international law is in poor shape, despite all the talk we hear about the growing importance of the "rule of law" in the world.

On the 12th of June the London *Observer* suggested that "if Adolph

the Argentine, I think that he is in complete error, as a basic legal proposition, in confusing the illegal actions of individuals, for which regrets have been expressed, with the non-existent intentional violation of the sovereignty of one Member State by another".

If these individuals were "Jewish volunteers" who took it upon themselves to capture a genocide criminal, then actually Israel was under no obligation to express any regrets at all. After all, if Argentine



*Eichmann's victims: Are genocide criminals enemies of the human race?*

Eichmann was abducted from Argentina by Israeli Government servants, then unfortunately a fundamental breach of international law was committed by Israel. But has Israel a duty to hand him back to Argentina? The primary obligation to do so is removed in this instance, for Argentina herself had been acting illegally in granting asylum to Eichmann, wanted for war crimes." This is a dubious summation of a case, the consequences of which are highly important for the future of both Israel and international law.

Throughout the Security Council debates of the Eichmann incident Israel maintained that she had not broken international law. Foreign Minister Golda Meir stated: "We recognize that the persons who took Eichmann from Argentina to Israel broke the laws of Argentina". But she went on to say that "with the greatest respect for the representative of

citizens of Anglo-Saxon origins and Anglican religion abducted a traitor to England without British support, then the United Kingdom could hardly be held responsible. But, says Judge Lauterpacht, subversive activities "when emanating . . . indirectly from organizations receiving from it financial or other assistance . . . amount to a breach of international law" on the part of the supporting state.

In the Eichmann case the Security Council believed that the "Jewish volunteers" were, regardless of citizenship, Israeli agents acting upon information given to them by Israeli sources. If this belief can be disproven by a revelation of the actual facts, then it is in Israel's interest to reveal the facts. Until then, the world can only agree with the Security Council that "the violation of the sovereignty of a Member State is incompatible with the Charter of the United



## Unlawful Abduction: The Law

FORGET THE FACTS of the Eichmann incident for a moment and consider the question: is international abduction unlawful?

Abduction carried out by private individuals is unlawful in terms of the *national law* of the state. An offended state may take action against such private individuals if their own state is willing to hand them over, or is obliged to do so. But a different situation prevails if the abductors are directly or indirectly agents of another state. Because of the principle that "a state must not perform acts of sovereignty in the territory of another state", Judge Lauterpacht of the International Court of Justice concludes that it is "a breach of international law for a state to send its agents to the territory of another state to apprehend persons accused of having committed a crime".

Thus in *Vaccaro v. Collier* (1931) a U.S. marshal forcibly arrested and abducted from Canada a person wanted by the police in the U.S. A U.S. Circuit Court of Appeals held the marshal guilty of kidnapping and pointed out a violation of Canadian sovereignty. Even in cases such as *Frisbie v. Collins*, where a possible tendency of American courts to extend their jurisdiction is revealed, we still find an admission that jurisdiction — though exercised — was improperly secured. A few cases of exercise of jurisdiction despite illegal capture are also found in other countries. But Lauterpacht cites *Vaccaro v. Collier* approvingly and suggests that:

"apart from other satisfaction, the first duty of the offending state is to hand over the person in question to the state in whose territory he was apprehended". He does suggest that "there is a substantial body of opinion and practice" to condone intervention in order to prevent gross violations of human rights. Presumably in such a case of lawful intervention there would be no obligation to later return the individuals responsible. But Lauterpacht does not extend this principle to the capture of an individual guilty of past gross violations.

Again, temporarily lay aside the facts of the Eichmann incident: is it

unlawful to grant asylum to a genocide criminal?

To answer this question we first have to look at the position of such criminals in international law. In general, traditional international law has applied only to states. If an official of state X violated the ambassador of state Y then Y would demand satisfaction (by negotiation, arbitration, etc.) from X, not from the individual official.

An exception to this rule was made in the case of pirates. These were considered *hostes generis humani* and any state could hold them directly responsible for a crime against international law. Are genocide criminals now, like the pirates of old, considered to be "enemies of the human race" and open to direct international legal action? A number of conventions, such as the Argentine Anti-War Treaty of Nonaggression of 1933, have implied for decades that genocide is contrary to international law.

During the Second World War, long before the worst acts of genocide had been committed, the greater number of states clearly indicated that individuals would be held directly responsible for genocide crimes. An argument can be made about *ex post facto* law for crimes committed before such pronouncements but not for crimes committed after them. Given the large adherence of states to the principle of individual responsibility for genocide we can safely say that the principle has become a rule of universal international law.

In the opinion of the International Court of Justice there "are principles which are recognized by civilized nations as binding on states, even without any conventional [i.e. treaty] obligation". One of these, respected by all states including the U.S. and the USSR, is the principle of diplomatic immunity. And now individual responsibility for genocide crimes has joined the list. Accordingly, any state may take action against such criminals. If through a general procedure, such as the deliberations of the Security Council or General Assembly, the world at large holds an individual guilty, or at least indictable,

then a state cannot unilaterally reject that indictment.

In the ruling of the Court (*Colombia v. Peru Asylum Case*): "the principles of international law do not recognize any rule of unilateral and definitive qualification by the state granting diplomatic asylum". Refusal to prosecute or to hand the individual over for prosecution in front of a general tribunal, such as that of Nuremberg, would be an obstruction of justice. Obstructing justice by harboring a criminal is contrary to one of the most fundamental principles of law recognized by civilized nations.

Lauterpacht has said that "a state is bound to prevent such use of its territory as, having regard to the circumstances, is unduly injurious" to the inhabitants of other states. If genocide criminals were able to take asylum with impunity then others would be emboldened by their example. In this sense then, the actions of a state granting such asylum could be held injurious to the inhabitants of other states.

But what remedy is open to other states? Negotiation, arbitration and judicial settlement — yes. Perhaps even action by the Security Council. But covert intervention, followed by publicity and questionable legal argument, seems an extreme solution. From the point of view of legal order it would seem better to break the law without public knowledge!

A former professor of international relations has argued that, if a state grants unlawful asylum to a genocide criminal, then other states are justified in intervening. It is symptomatic of the primitiveness of the international legal order that the International Court of Justice has not been given the opportunity to pass judgment on this contention.

If the Court had been presented with the opportunity it might well have said that the gravity of genocide justifies a radical approach. On the other hand, the rule that states should not grant asylum to former genocide criminals has only recently emerged. The rule that state agents may not unlawfully perform sovereign acts in other states goes to the very roots of international order.

Nations" and that Israel is obliged "to make appropriate reparation in accordance . . . with the rules of international law."

Argentina is willing to accept an apology as "appropriate reparation" but the apology should be for a breach of international law acknowledged as such. A senior Argentinian diplomat has pointed out in private that Israel's apology was vague enough "to leave us with the impression that she only regretted the actions of Jewish volunteers who broke Argentinian law."

Is Argentina guilty of granting unlawful asylum to Eichmann, a known genocide criminal? Unfortunately, the very abduction makes it impossible to answer this question. Until a revelation of the facts proves otherwise Argentina can simply claim that the true identity of Eichmann was unknown to her. As they say in Scots law: there is a mighty difference between "not proven" and "disproven." Certainly, other genocide criminals, such as Josef Mengele, have found refuge under assumed names in Argentina.

In her defence, Argentina points to such considerations as her late entry into the war (and therefore her late adoption, if at all, of the now-general position on individual responsibility for genocide crimes); to "prescription" — the principle that legal actions must be instituted within a limited number of years following a crime; and to the absence of an objective international tribunal to give final sentence. Even so, most observers find Argentina's attitude hard to take and many believe she is unduly influenced by past flirtations with fascism. It is this attitude which drove the Israelis to take direct action. But have the Israelis considered the consequences? Those consequences give cause for serious question.

Every textbook in international law contains a large number of doubtful rules of law. Schwarzenberger, an eminent writer, believes that all rules of international law can be traced back to a handful of basic principles. It might well be that only those principles themselves are really universally accepted as binding. And it is not necessary to go to an international lawyer for the observation that a breach of basic principle endangers the whole legal order.

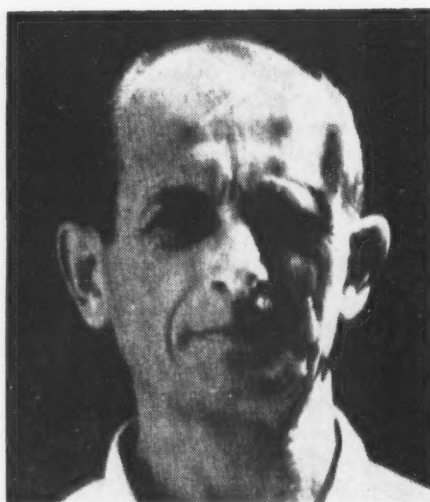
As realistic a body as the Security Council (for which international law is not the main consideration) has stated that "the repetition of acts such as that giving rise to this situation would involve a breach of the principles upon which international order is founded, creating an atmosphere of insecurity and distrust incompatible with the preservation of peace."

The full significance of this concept will be realized if we remember that international law is, from an enforcement

point of view, a primitive legal system roughly comparable to Roman Civil Law in its voluntary arbitration period or to English Common Law before the Royal judges began to ride their circuits.

If basic principles are ignored at such a stage then the embryo legal system cannot grow but will instead stagnate at the level of inter-tribal comity, or lack of it. International lawyers are convinced that, even if the two or three superpowers cannot be fully constrained within the international legal system, the other states must be if the United Nations and the International Court of Justice are to grow.

The dangers of the present situation are many and obvious. Not the least is the problem of deciding which of two conflicting legal viewpoints should prevail.



Eichmann: Israel's actions hasty?

The proper place for such a decision would be, depending on the circumstances, the Court or the Security Council. At present, states feel free — in the absence of concerted opposition — to follow the primitive rule of an eye for an eye. Rarely are they willing to submit their disputes to arbitration or judicial settlement. So one wrong follows on another rather than the first wrong being dealt with objectively by a neutral body.

Even if we equated the principle of territorial sovereignty with the consideration that Eichmann should not get away with it, two wrongs still do not make a right. It might be said that Israel has set an example for future genocide criminals, thereby doing all mankind a service. She might have done mankind an even greater service by letting the Security Council make the choice between two conflicting legal considerations. At this stage it is more important to foster the growth of a world legal order than to capture Eichmann and openly remove him to Israel. There are other ways of handling men like Eichmann!

Quite apart from the consequences to international law, the Eichmann incident also raises other disturbing questions. If

genocide criminals are *hostes generis humani* then any state can hold them directly responsible as individuals for a breach of international law. This is the only really legal basis for Israel's right to try Eichmann. Ghana has just as much right as Israel to do so. There are other highly important considerations, of course.

Switzerland had just as much right to try pirates as England. But obviously England had a greater interest in the matter. Similarly, Israel has an obvious interest in Nazi genocide criminals. What may be disturbing, however, is the Israeli assumption that she is the guardian of all Jews.

If Judaism is simply a religion, then Israel has no more legal right to protect non-Israeli Jews than the United Kingdom to protect non-British Anglicans. True, many world-wide ideas, such as Communism and Roman Catholicism, find a base in a territorial entity (the USSR and the Vatican State) but other states are at perfect liberty to reject the claim of these protectors. Catholic states happen to accept Papal intervention in certain matters; Protestant states do not.

If the Jews are more than a religious group, being in fact a nation, then for future insurance Israel should attempt to negotiate minorities-treaties, such as exist between Italy and Austria. But if the Jews in a particular state consider themselves to be just another ethnic group like the Italians in the United States, then they can no more look to Israel for protection than can Americans of Italian origins look to Rome.

Fortunately for the logic and stability of the laws of nationality, Israel makes no legal claim to represent world Judaism. She simply makes a moral claim, one that she attempts to express through political representations. In this she is as justified as the Soviet Union when it deplores action against Communists in Iran and as the United States when it deplores action against pro-Americans in Cuba. But it all depends on how far this consideration is taken.

We can morally condone "Jewish volunteers" seeking out Eichmann. Again, we might morally condone the unlawful seeking out and killing of Mengele. But what about an obscure individual who, in the words of the Israeli "Nazi and Nazi Collaborators (Punishment) Law," contributed to "destroying or desecrating Jewish religious or cultural assets or values," but did not in fact commit genocide even if he intended it. Would his case morally justify such action? Where do you stop?

Considerations like these lead us to conclude that Israel was hasty in her actions against Eichmann, a conclusion which in the words of the Security Council, "should in no way be interpreted as condoning the odious crimes of which Eichmann is accused."



# British Socialism at the Crossroads

by Charles Taylor



*Gaitskell's economist's mind told him to jettison shibboleths.*

IN THE SEASIDE RESORT town of Scarborough, Britain's Labour Party holds its annual conference this month in an atmosphere charged with anticipation, controversy and bitter personal feuding. Much more is involved than a holiday for hard-pressed constituency workers and rugged trade union leaders: the Scarborough conference will go a long way towards determining whether Labour has any chance of regaining the power and glory of 1945, or whether it is doomed to prolonged and ineffective opposition.

Last October, Labour received some 12,000,000 votes, but lost its third General Election in a decade — a feat unprecedented in this century. Since then, the party has been wracked by savage infighting that has led armchair analysts to speculate on the existence of a collective death wish.

At Scarborough, Labour's warring factions will stage their biggest and probably most decisive battle. It centers on two key issues — nationalisation and nuclear weapons — and boils down to a strong challenge by left-wing rebels to the moderate leadership of Hugh Gaitskell.

Behind the specific issues lies a broad debate on the future of democratic socialism in twentieth century Europe. While headline writers and political columnists concentrate on the colorful clash of personalities, an army of economists, sociologists and political theorists (many of them fervent Labourites) — is demonstrating that Labour has been fighting the wrong battles: that its electoral defeats are a direct result of its failure to take account of Britain's postwar social revolution.

In the years up to 1939, Labour drew its support from a militant working class, and its inspiration from the belief that capitalism was ethically wrong and contained the seeds of its own destruction. In 1945, Labour won its famous victory because a majority of Britons was convinced that the party was better suited

than Churchill's Conservatives to tackle a wide range of economic and social ills. For Labour leaders, the promised land was in sight; in spite of bureaucratic excesses and inefficiency, they pushed through an impressive body of reforms, of which Nye Bevan's Health Service is the most enduring example.

At the same time (and, ironically, partly because of Labour's reforms), Britain's social structure was undergoing a drastic transformation. In the years 1945-1951, the Conservatives sized up the trend, overhauled their policies and personnel, and laid the foundations for their three electoral victories from 1951.

The Tories' jaunty 1959 slogan — "You've Never Had It So Good" — sums up the trend. Over the last decade, Britain has achieved a startling increase in prosperity, while operating within the narrowest of economic margins. More and more working class Britons have won steadily rising wages, as well as those middle class status symbols: a television set, a car and even a house of their own.

In the 1951 election, an estimated 11,000,000 of the total Labour vote of nearly 14,000,000 came from manual wage earners and their dependents. Since then, the increase in their living standards has brought about a change in their political attitudes — to the direct detriment of Labour.

During the 1959 election campaign, those of us who stumped the hustings became aware of a fascinating trend: in the sprawling, subsidised New Towns and housing estates, working class Britons were living in new prosperity and with new dignity. It was a partial vindication of Socialist policies (inaugurated by Labour but taken over by the Tories), but a suprising number told us bluntly (or gave the show away by their embarrassed equivocation) that they were prepared to vote Conservative for the first time.

The election result, and subsequent

surveys, confirmed this trend. Technical and economic progress is gradually eroding the working class. More and more manual laborers now identify themselves with middle class attitudes. For them, the old Labour cry for equality and the old Labour attack on iniquitous capitalism have a hollow sound. For them, it's a case of "I'm alright, Jack," and they listen with growing approval to Conservative claims that nationalisation and militant trade unionism will imperil their new prosperity.

Since the shock of last October, an important group of Labour politicians has recognised the need for scrapping the out-moded slogans and dragging their party into line with the times. In a recent pamphlet, Labour's wildest strategist, General Secretary Morgan Phillips, faced the dilemma squarely: "Political allegiance is becoming more and more a matter of choice," he wrote, "less and less a matter of necessity."

Fresh from his own personal campaign triumph (he turned out to be suprisingly effective), Hugh Gaitskell made up his tidy, economist's mind to jettison Labour's favorite shibboleths. In a briefing last November, he gave a sweeping and succinct analysis of Labour's predicament.

In most parts of Britain, the class war was no longer being waged so fiercely, Gaitskell told us. Sweeping nationalisation was a misguided policy, since in these post-Keynesian days, even a Conservative Government exerts strong, indirect pressure on all facets of the economy. No longer could Labour rely on an economic recession to swing it back into power ("the pendulum will swing more slowly, but it will swing," he maintained, pointing to the example of the Canadian Liberals).

Socialist parties must stop treating capitalism as a total enemy and come to terms with the mixed economy (the German Social Democrats have since followed his advice. Only in Italy, rife with



poverty, corruption and the threat of a Holy Alliance, does Pietro Nenni still hold high the banner of militant social democracy).

Since then, other weaknesses in Labour's public image have become increasingly apparent. Remembering the postwar years of Labour rule as a dreary time of vexing restrictions and endless queues, young people are flocking to the Tories (the Young Conservative Association has 150,000 members; the largest political youth group this side of the Iron Curtain).

With their narrow and dogmatic attitudes, Labour-dominated municipal councils are giving the movement a bad name. The big trade unions are feared for their monolithic power, and a rash of wildcat strikes over abstruse issues is shaking public confidence in all the unions.

Labour's image (it's a sign of the times that commentators here now use this Madison Avenue term) has been further blackened by the open struggle

heresy. Diehards such as writer Michael Foot draw their inspiration from their party's Utopian, ethically-orientated past. Many would rather stay in permanent opposition than make the necessary compromises. They have powerful support from the idealistic volunteers of the constituency organizations.

Lately, they have found a weighty ally in Richard Crossman, a volatile thinker with one of the keenest minds in the movement. In a much-publicised pamphlet, published this spring, Crossman maintained that Labour must refrain from coming to terms with the Affluent Society. In the long run, Crossman argued, only militant Socialism in the West can meet the economic challenge of the Communist bloc. Labour must stick to its traditional guns, even though this means there is no prospect of power until the late 'sixties or early 'seventies.

Intellectual gadflies like Foot and Crossman have always been part of the Labour movement. In the past, their

solid political groundwork.

As veteran Socialist editor Kingsley Martin wrote recently: "I have known political leaders who were hesitant, too anxious to please or lacking in courage when they differed from an opinion strongly held in their party. But Mr. Gaitskell is the first I have known who seems positively contemptuous of those on whose support his future chance of power depends."

At Scarborough, Gaitskell may avoid open humiliation over the central issue of nationalisation. After some mid-summer shuffling by the party executive, it now seems likely that the Clause Four controversy won't come to a direct vote.

But Gaitskell faces possible defeat on the other key issue for Scarborough: the future of Britain's nuclear deterrent. It is this issue, more than any other, which has united the party's radicals against the moderate leadership.

When 100,000 Britons packed Trafalgar Square last Easter under the banners of the Campaign for Nuclear Disarmament, it was further proof that the H-bomb menace is the one issue which can stir deep support among young and old alike. While Labour radicals press for complete nuclear disarmament by Britain, the leadership has evolved a series of half-hearted compromises: last summer's "nuclear club" proposal was followed by this summer's new policy — Britain should retain her H-bomb-carrying V-bombers until they are obsolete, and after that should shelter under the American nuclear umbrella.

Scornful of this compromise, the rebels are demanding immediate unilateral nuclear disarmament (already approved by the powerful Trades Union Congress branch of the party), and an end to American bases in Britain. Critics say this is a further example of Labour's unrealistic, Utopian tendencies (although the C.N.D. musters some cogent scientific, military and diplomatic arguments). But with Frank Cousins at the helm, the nuclear disarmers are amassing a possible majority vote against the party's official policy.

If defeated at Scarborough, Gaitskell faces two alternatives: he can resign, or he can expound the controversial principle that the parliamentary party, elected on the party platform, is not necessarily bound by subsequent conference votes. At time of writing, some such compromise seems likely, for one outstanding reason: with Nye Bevan dead, there is no alternative leader of any stature in sight.

Yet another muddled compromise could be disastrous. Unless the conference turns Labour's face to the future, the three likely results are a revival in the fortunes of the dormant Liberals, further ineffective parliamentary opposition, and the almost certain continuance of Conservative rule throughout the decade.



*Gaitskell's views are opposed by Richard Crossman (left), Frank Cousins.*

between Gaitskell and opponents of his revisionist line. According to the latest public opinion polls, a majority of voters are disdainful of Labour for its lack of stability and for its uneasy policy compromises — compromises which seem more concerned with papering over the cracks than with providing an effective course of action.

Labour's civil war came into the open at the party's special conference at Blackpool last December. It was here that Gaitskell affirmed his desire to modify Clause Four in the party constitution: the clause which sweepingly commits Labour to "common ownership of the means of production, distribution and exchange." It was here that he made his famous proclamation: "It is our job to get back into power as quickly as possible, so that we may do the things in which we believe."

To most independent observers, this was a common-sense definition of the role of a responsible opposition. But to many staunch Labourites, it was unmitigated

extremist demands have been defeated at party conferences by the massive bloc vote of the cautious and conservative trade unions. But Gaitskell's most dangerous opponent is Frank Cousins, General Secretary of Britain's largest union, the Transport and General Workers.

Cousins in an unabashed radical. He supports full-scale nationalisation and complete unilateral nuclear disarmament by Britain. An advocate of direct political action by the unions, he is after Gaitskell's political scalp.

Personal dislikes will also play a part in the conflict at Scarborough. Many left-wingers distrust Gaitskell because he is a public school boy, because he lacks fiery working class convictions, because he lives in a fashionable London suburb, and because his intimates are moderate intellectuals. Many Socialists see in Gaitskell the spectre of Ramsay MacDonald, and there is little doubt that he is more concerned with subtle intellectual distinctions (few paid any attention to Clause Four until Gaitskell raised the issue) than with

# More Skulduggery in the Securities Business

by R. M. Baiden

"No statute and no administration can prevent crime — they can only impose penalties when the act has been committed."

So states W. Clarke Campbell, a Toronto barrister specializing in mining laws and a member of the legal firm of Day, Wilson, Kelly, Martin and Campbell in *The Northern Miner* (Sept. 8th issue).

Think about it. What Campbell says, in effect, is that there is no way to prevent a man from taking your property — or your life. Rather, you must wait until he has committed the offense and then have him arrested. In short, the law and the police can be no protection against predatory actions by unscrupulous persons.

Now consider that Campbell specializes in mining laws and apply his statement to the securities industry. In this context it means that there is no way to prevent unscrupulous — or illegal — stock selling. All that can be done is to wait until there has been such selling and then try to catch the persons responsible. In short: let the crooks fleece the suckers and then try to catch the crooks.

SATURDAY NIGHT has long suspected that such, indeed, was the view of some in the Canadian securities industry but has until now been unable to find the matter stated so unequivocally. Certainly, Campbell deserves the appreciation of Canadian investors for stating so forthrightly what, until now, must have been merely a tacit understanding in some promotional circles.

If it is true that Campbell's statement reflects the thinking of many in the securities business, it does a great deal to explain several recent happenings in the securities industry. It might explain, for instance, how the St. Stephen Nickel Mines Ltd. promotion in New Brunswick was permitted to reach such outrageous proportions before being closed down and it might explain the recent actions of the Toronto Stock Exchange concerning Latin American Mines Ltd.

When SATURDAY NIGHT published its Special Issue on stock market promotion early this year [Feb. 6, 1960], five major defects in the organization of the securities industry in Canada were listed.

Stock exchanges, while masquerading as public institutions, behave as private clubs.

Provincial securities legislation, while generally adequate, should be replaced with federal legislation to ensure maxi-

mum effectiveness in preventing stock swindling and catching those who swindle.

3. Investors cannot, still, in many cases be sure whether the price they pay for a stock, bought through an exchange, results from the free play of supply and demand or from manipulation.

4. The position of brokers is ambiguous in that in some cases they act as both agents to the public and as principals in the deals they promote.

5. Organized international crime syndicates have operated and it is believed still do operate on Canadian markets.

Since publication of the original report the Ontario legislature conducted a hearing into the operations of the Toronto Stock Exchange and the attorney-general of Ontario, Kelso Roberts, has indicated that tighter regulation of TSE activities is in store. Additionally, the attorney-general made it clear that the TSE must find a full-time president and that the appointment should be approved by the government of Ontario. That, however, was early last spring and so far there has been no indication that the TSE has found a man to fill the post.

In addition to this reaction to SN's Special Report, some sections of the securities industry were quick to reply that SN's charges made reference, mainly, to events which had happened some time previously and that new regulations had virtually eliminated the possibility of a repetition of the sort of skulduggery outlined.

But recent events have shown that the somewhat more stringent regulations imposed by the TSE have not eliminated strange dealings. Nor can it be said that they have appreciably reduced the incidence or the severity of unscrupulous promotion. Similarly, events since the Special Report have shown clearly the continuing need for federal legislation. In brief, the findings SN reported early this year still stand. There has been no development either within or without the securities industry which lessens the need for federal securities legislation on the one hand and closer regulation and reassessment of stock exchanges on the other.

On this latter point, there are two basic reforms necessary: the stock exchanges — in this case, principally the TSE — must be prohibited from acting both as arbiter and interested party in the matters of listing, promotion and so on; and the current TSE practice of

combining a primary and secondary market on one trading floor must be stopped.

Two recent examples will bear out these points.

Consider the case of Latin American Mines Ltd. This is the story of a promotion which moved an erstwhile corporate shell into the ranks of the TSE's most active issues — before someone pulled the rug out from under.

This is how the deal was set up. Control of Latin American (2,242,165 common shares of 2,566,000 outstanding) was sold to a new group. The principal asset of Latin America at this time was a property in Peru. This asset, however, was pulled out of the company through the formation of another company to hold the Peru property. In effect, then, Latin American became a corporate shell. Its only intrinsic value lay in its listing.

The new controlling interests then optioned a copper property in the Noranda area for 50,000 of their own shares and \$25,000 of Latin American funds payable in various installments to February, 1965.

The new interests, Developers Entente of Canada, also agreed to buy 166,666 Latin American shares at 30 cents each, thereby providing some additional funds for the company. They also agreed to distribute, through the TSE only, 700,000 at not more than 30 cents. What was unknown at this time, however, was the price paid by Developers Entente in its initial purchase of Latin American stock.

It was later reported that Developers had paid seven cents a share for this stock. In other words, Developers Entente paid \$156,952 for a company with current assets of \$49,356, current liabilities of \$31,353 in addition to obligation of \$150,517 to Ventures. This, in effect, means that Developers Entente valued Latin American's listing on the TSE at something like \$300,000.

What Developers Entente got for their money was circumvention of the TSE's rules that prevent listing unless enough work has been done on the property to justify some sizeable value in terms of ore possibilities. There must also be substantial public interest in the company's stock.

At this stage, it must have been blindingly apparent to the TSE that what was being prepared was a promotion of the rawest sort. (Indeed, the TSE's requirement that the company sell 700,000 shares at under 30 cents indicates the TSE had



some misgivings about the deal.)

This was early last March. By early July, the stock had climbed to \$1.40 a share. By July 14, the stock had collapsed to 31 cents. At this stage the TSE decided to investigate. Somewhat more than a month later the TSE reported on the results of its investigation.

In the meantime, Steven Low, who was both president of Latin American and, through his ownership of Developers Entente, the underwriter of the company's stock, claimed the price crash was the result of "an enormous volume of unregistered short selling." (What is especially remarkable about this charge is that it should be made by as knowledgeable a man as Low so soon after the TSE had announced new short-selling regulations which, the TSE said, would all but eliminate bear-raiding, the normal concomitant of extensive, unregistered short selling.)

The TSE's report, however, made it clear that the investigation discovered little undeclared short-selling. The report, consequently, dismissed bear-raiding as a factor of any consequence. What it did say, however, was this:

"As an explanation of the break in the market price of Latin American based solely on the examination of the trading, it would appear that the rapid rise in price was followed not surprisingly by a greater reaction, representing taking of profits and accelerated by stop-loss orders and the liquidation of accounts which had become undermargined on the decline. During the four-day period of rapidly falling prices, the underwriter made no attempt to maintain an orderly market. In fact, the firm traded on only one day of the four days, when it sold 30,000 shares. In the opinion of the Board of Governors, Mr. Low and his underwriter company must bear a considerable responsibility for the rapid decline in price by failing to act under these circumstances.

"What must be regarded as a contributing factor was the fact that Winchester Corporation of Nassau, Bahamas, a private corporation equally controlled by Mr. Low, and a trust in favor of his family, sold a sizeable block of Latin American shares to a Nassau broker-dealer shortly before the date of the market break. Although full details are not immediately available, it would appear that on balance, some 215,285 shares were disposed of from that source during the period July 6 to July 14.

"The Exchange has announced that the resignation of Mr. Steven Low as a shareholder and director of G. H. Rennie & Co. Ltd. has been accepted and that Developers Entente of Canada Ltd. has been advised that it is no longer acceptable as an underwriter of listed securities."

And that ended the TSE's report. Nowhere in the report is there an explana-

tion of how the price rise, before the collapse, came about. Nowhere was there any indication that the TSE itself might have been something less than astute in its dealings with Low. Nowhere was there any censure of the TSE member firm.

The conclusion can only be this: Despite clear indications that Latin American might be an unsavory promotion, the TSE permitted the deal to go forward and stood aside until after the market had crashed. One can only recall with disquiet the view that neither statute nor administration can prevent crime.

Consider now the almost incredible happenings in Saint John this summer. It now seems clear that professional stock promoters, with the help — perhaps uninvited — of part of the New York underworld, ran a deal in St. Stephen Nickel Mines Ltd. that separated the public (mainly U.S.) from as much as \$7,000,000.

So flagrant was this promotion that stock, offered at 10 cents a share through reputable brokers in the U.S., was being sold by the promoters in Saint John by long-distance telephone at prices ranging between \$2 and \$3 a share. This operation was a boiler-shop deal in the classic sense. It is the sort of thing which critics of SATURDAY NIGHT'S Special Report said could not return. But it did.

Perhaps the most startling development, however, was the assertion by a member of the U.S. Securities and Exchange Commission that he had been told that the promotion was allowed to continue by direct intervention of New Brunswick government leaders.

E. C. Jaegerman testified before a court of inquiry early last month in Saint John that G. Earle Logan, former administrator of New Brunswick's Securities Frauds Prevention Act, told him of the order following a raid by Quebec Securities Commission officials on a telephone room operation in Pointe Gatineau, Que. in April, 1959. Logan, who was dismissed by order-in-council July 18, denied the accusation.

The point here, however, is not whether government leaders did, or did not, act improperly or indiscreetly in permitting a particularly odious promotion to go forward under the impression that New Brunswick would ultimately benefit. The point is surely this: The responsible authorities in New Brunswick were simply unable to cope with a high-powered, professional stock-selling organization. Their resources and experience were too limited. What stronger argument could there possibly be for the urgent necessity for federal regulation of Canada's securities industry?

This, of course comes back to SATURDAY NIGHT'S central thesis: The speculative securities industry in Canada is in desperate need of a major overhaul.



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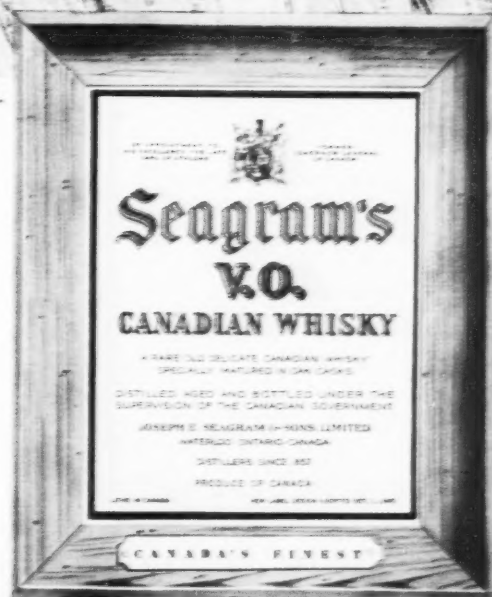
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## Books

by Arnold Edinborough



MacLennan: Teeth grinding, two kinds.

MONTAIGNE, to the disgust of millions of students since, invented the essay. But there is no comparison between the labored prose of this summer's examinees and the limpid, witty and terse style in which Montaigne tried to answer his question "What do I know?" And the great essayists have all been men who, following the lead of Montaigne, have reflected a cultivated and inquiring mind in clear and aphoristic prose.

In this century we have had a few, a very few, good essayists in English, among whom I would place J. B. Priestley, Robert Lynd, Clifton Fadiman and Aldous Huxley. After reading two books this week I would now enlarge this select list to include F. L. Lucas and Hugh MacLennan.

Both of these writers are over fifty; both lecture in English at a university (Lucas at Cambridge and MacLennan at McGill); both believe that exercise for the body as well as the mind is necessary for happiness; both were trained in the classical tradition; both let their minds range widely over the quirks of the human condition.

Lucas's collection *The Greatest Problem and Other Essays* is almost perfectly balanced between literary and more general subjects. There is a long account of A. E. Housman as poet and man, and an equally long discussion of the "tragedy" of Tolstoy's life. There is an acute essay on the art of translation (Lucas has himself done some notable translations from the Greek) and great megatherium about books which invites direct comparison

with Montaigne's essay on the subject (Lucas loses nothing in the comparison). The more general side includes a portrait of the Berlin airlift of 1948; a witty piece called "Testtuberculosis: The Menace of Science to the Humanities"; a probing investigation of the population explosion (which is the Greatest Problem of the title) and one of the best essays ever written on the subject of Happiness.

Several qualities strike one about Lucas. First his wisdom. In defending reading as a help to becoming intelligent he says: "It seems intelligent to wish to be intelligent. That too has been questioned. Sophocles and Meredith, in splenetic moments, have both suggested that sanity is unhappier than the blissfulness of insanity or insentience. But happy idiocy is rare and those who romanticise it can hardly have glimpsed the blood-freezing interior of a mental home . . . of course intelligence is dangerous; but so is the lack of it. Anyway one seldom meets anyone who honestly wished he were weaker in the head."

Again, he neatly underlines one of the characteristic weaknesses of our century, especially amongst intellectuals, when he describes the Berlin of the 1948 airlift:

"The first reaction of the stranger dropped straight from London into this world of nightmare was sickened horror — and a sense of infinite gratitude to Winston Churchill and Fighter Command, who alone saved England from a fate as horrible. And yet, within two or three days, one was astonished — and slightly appalled — to observe what was happening in one's own mind. One was growing used to it! As if ruins were a recognized modern style of architecture; as if it were almost normal and natural to walk down a street containing one habitable house. And this bewildering adaptability of the human mind seemed both merciful and yet frightful — merciful, because without it whole populations in our time must have gone mad; but frightful, also, because it suggests that there is nothing of which we are not capable, under pressure sufficiently crushing. The civilized man of today, it seems, could become the complacent can-

nibal of tomorrow. Of all the discoveries of our too inventive century this is perhaps the most ghastly — that the civilized standards which our grandfathers thought founded on rock, are really built on a flimsy crust above a bottomless abyss."

Being wise does not prevent him from being witty and he has control over his style which makes his witticisms (and especially his asides in the footnotes) memorable: "I have long counted myself more fortunate than millionaires, in having a million and a half books a hundred yards from my door. No temptations to move elsewhere have ever weighed with me against that. My luck was all the more incredible in that this mountain came to me, not I to it. Ten years after I had settled in my home, the University Library obligingly waddled across the Cam, to sit down beside me on what had been a cricket-field. (Which some will consider a lamentable exchange.)"

Again, he says, wily: "If I were remaking the myth of Heaven, I sometimes think, watching the inexhaustible zest and vitality of my children, that I should make all who entered there revert permanently to the age of seven. It has been said that to enter Heaven, a man must become as a little child; I am inclined to think that, lastingly to enjoy any Heaven yet invented, he must remain one."

And talking about the purpose of life he sums it up thus in the final paragraphs of the essay on Tolstoy: "It has been suggested that the nature of things for some reason tends towards ever greater complexity; and toward this we are, for some reason, enthusiastically invited to collaborate. But I see no reason for this yearning after more and more complexity. Many things in the modern world appear to me badly in need of a little healthy simplification. Why this indiscriminate admiration for complexity? The married life of Solomon must surely have been much more complex than that of Odysseus and Penelope; but more valuable? . . . To sum up, the search for a general purpose in existence seems to me to serve no purpose at all. We know too little. And we can fore-know even less. Better, I should

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have thought, to be frankly and boldly individualist — content to pursue a purpose of one's own — the very simple purpose of making the best of things, and of making things, if possible, a little better".

It is thus to be expected that his essay on happiness concludes that to be happy is at least as valid as being sad, and that while to keep the mind active and the body fit may not save us in the next world, it will certainly make this one more tolerable for us.

But it is Lucas's wide range of reference which makes reading his book such a pleasure. The literatures of ancient Greece, modern France, mediaeval Germany and writings from all ages in Persia, Egypt, England, America and China are pushed in pell-mell to prove a point. So are extracts from papers in scientific periodicals and the occasional newspaper clipping — not to mention his own experience and conversations with friends. Lucas emerges from this book as a man who, like his style, is orderly, pungent and rounded.

In just the same way Hugh MacLennan emerges from his book, *Scotchman's Return and other essays*. From the beginning of the first essay ("Whenever I stop to think about it, the knowledge that I am three-quarters Scotch, and Highland at that, seems like a kind of doom from which I am too Scotch even to think of praying for a deliverance") to the first words of the last ("After years of half-hearted trying, I made it at last; I became half a century old") we are in the company of a Canadian who has travelled widely both in body and mind, who has seen behind the facade of things and who, while he has no great enthusiasm for the future, has no false cynicism about it either.

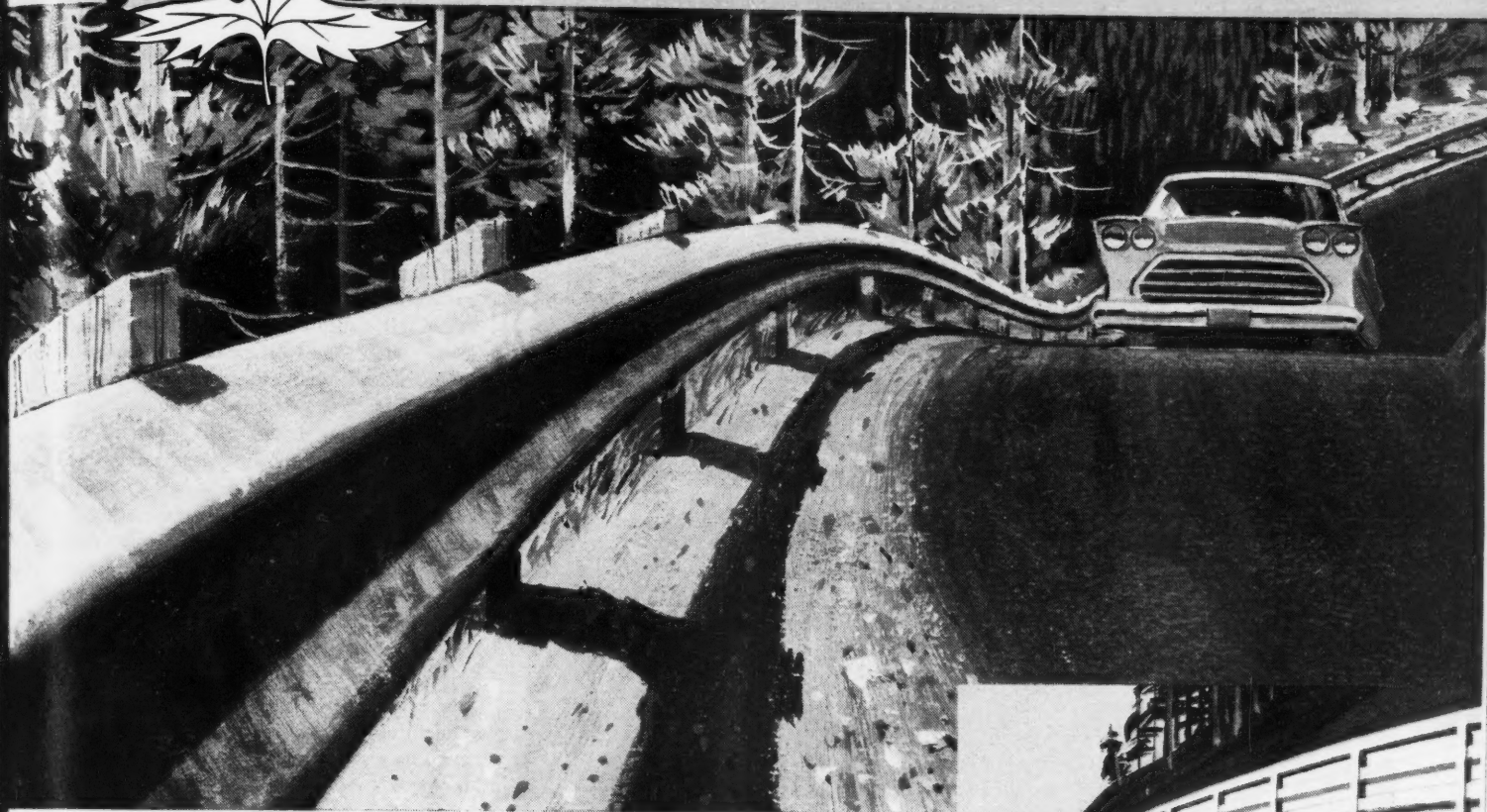
He, like Lucas, knows about physical fitness. He plays tennis the day before his fiftieth birthday and grows lyrical about his life as "a woodchopping man":

"After the first frost has turned ferns to brown dust and the birds have flocked south, the woods around my house in the country are filled with the living presence of silence. My feet crunch outrageously in the dry undergrowth as I make my way to the heart of the grove. My jeans are stiff with ancient sweat and my jersey is out at the elbows, the red paint has long ago been rubbed off the bow of my Swedish saw and my axe blade, several ounces lighter than when I bought it nine years ago, is honed sharp enough to sever a hair on my forearm. Looking up to the sky through the leaf-patterns I shame my environment by the academic thought that this scene is the equal of Sainte-Chapelle, but the comparison lasts only a few seconds. A hardwood copse in the Eastern Townships of Quebec in Indian summer can be compared to nothing else on this earth, being itself an absolute."





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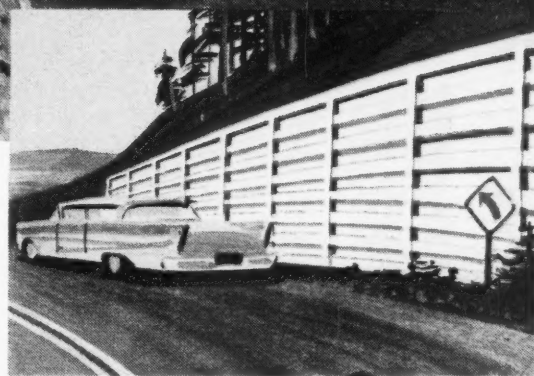
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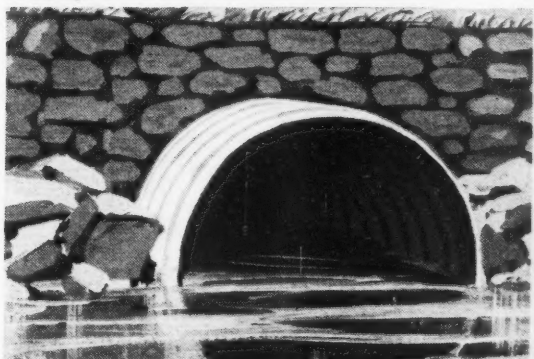
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What he feels in the grove is paralleled in the rose-garden. In "The Secret and Voluptuous Life of a Rosegrower" he says: "Since the law and his own vitality limit all but exceptional males to one woman at a time, or at least to one woman at a moment, there is no reason why, in his cultivation of roses, a man should not sublimate his ambition for all different kinds of women into the possession of two or three dozen different bushes. But he must be willing to give himself to them; he must cultivate them personally; he must guard them against insects, blight, rodents, ice and in our part of the world against the most dangerous hazard of all, the warm sun of a false spring, and let the author of *Lolita* carefully consider the significance of this latter point. He must also give himself time to know each one of them personally, to explore their characters, to verse himself in their endless variety of little ways.

"Roses have thorns (the point is trite but must be made) and they are ruthless to the flesh of any man who handles them carelessly or who gives them a casual pinch while pretending to be doing something else".

A concern for fitness and for beauty does not blind MacLennan to the difficulties of life, particularly of life in Canada. Thus, of our fellows on this continent he makes a shrewd observation: "Just when you think that you can't stand the Americans they do something to make you love them... Never is the American greater than when he gives a good swift kick to the American dream".

But he is not a militant Canadian. He is rather more sorry than angry about his compatriots as he shows in talking about the Creighton biography of Sir John A. Macdonald: "It was with a mixture of feelings that would be amusing to an Englishman and incomprehensible to an American that I finished reading Donald Creighton's superb two-decker life of Sir John A. Macdonald. In these volumes (*The Young Politician* and *The Old Chieftain*), our greatest citizen comes alive again, and when I put the book down I felt that bugles ought to be blowing all around me. I was annoyed that they weren't and chagrined to the point of teeth-grinding because I knew why they weren't".

For teeth-grinding of another kind no one should miss his essay "By Their Foods Ye Shall Know Them." Only a witty world traveller, full of fun and in love with life, could have written it. And what else is a great essayist but such a person? We are fortunate to have both Lucas and MacLennan in the same season. They are a delight for the soul.

**The Greatest Problem and other F.says,**  
by F. L. Lucas—*British Book Service*—\$7.  
**Scotchman's Return and other F.says,**  
by Hugh MacLennan—*Macmillan*—\$4.



## Ottawa Letter

# Disarmament: An Escape from Reality

by Peter Stursberg

ASIDE FROM THE WAR years, disarmament talks have been going on almost all my life. There was the Washington Naval Treaty which I can dimly remember hearing about as a small boy and whose only effect seems to have been to alter the shape of British battleships so that they became "all front and no rear." The League of Nations' conferences were succeeded, after a suitable interval for the holocaust of the Second World War, by the United Nations' discussions. The failure of the Geneva talks of the twenties can be compared with the fiasco of the 1960 Geneva talks.

The discussions have been returned to the UN General Assembly now, but the disarmament talks will be resumed next year. That is one certainty in an uncertain world. The other is that they will achieve nothing.

However, the really horrible prospect is that, if there are any survivors of the Third World War, they will almost immediately start the disarmament talks again.

Somehow, these dreary, fruitless conferences-without-end have come to fill an aching void in our modern way of life. They are like the oracles of the ancient world who never said anything which could not be interpreted two ways but were always consulted because it was believed that they could assure the future. In the same sense, the disarmament talks seem to assuage the public longing for peace and security. It is apparent that they are highly regarded by politicians on both sides of the Iron Curtain.

As a result, they have become sacrosanct — the sacred cow of diplomacy — and disarmament itself is looked upon as one of the great virtues of our times. To criticize it would be like criticizing God or the Royal Family or Confederation.

A whole literature has sprung up. There are libraries of books on the various conferences, making the dulllest reading imaginable. The national and international archives are stacked high with the yellowing reports on the proceedings, millions of words, duly translated into several languages. A folk lore has deve-

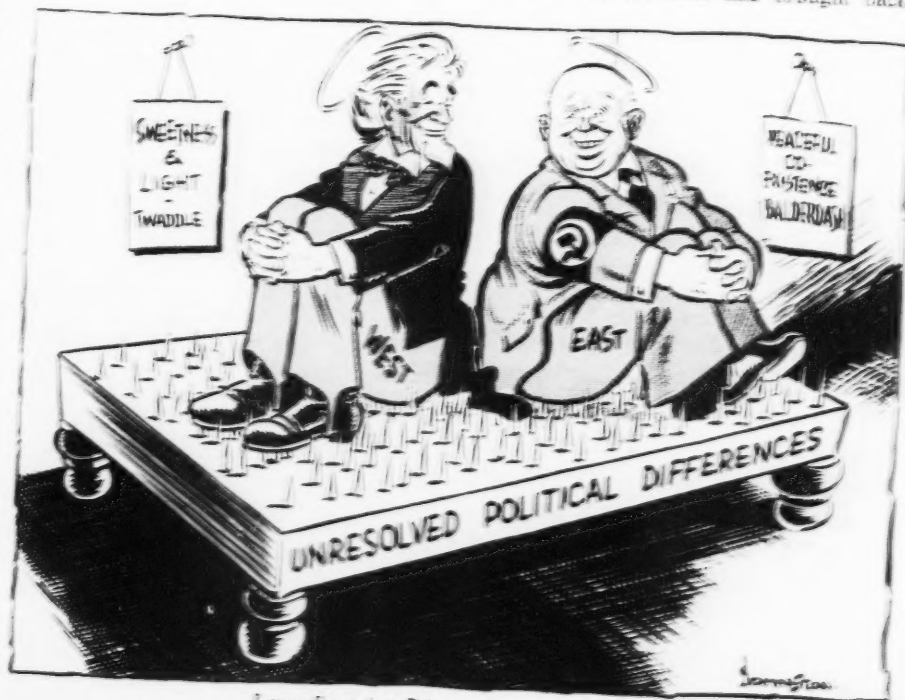
loped. There are people who live by disarmament, who have made their careers and their reputations through these talks. One official, who has an office in the attic of the East Block, can recite all the main proposals and counterproposals made since the war, which is some feat.

During the United Nations' discussions some five years ago, there was a proposal to reduce the armed forces of the United States and the Soviet Union to 1,500,000 men each, and those of the United Kingdom and France to 650,000 men each. I cannot recall which side made this proposal because it has become one of the more confusing practices of the disarmament talks that when one side has put forward a plan and had it rejected, then the other side takes it up to have it turned down by the original proposer. So I cannot remember whether on this occasion it was the American or the Soviet delegate who was touting this idea of an across-the-board reduction of the armed forces of the world. At any rate, it appeared that this scheme was based on population, at least as far as it applied to the lesser powers.

A quick reckoning was made, and a red-faced Canadian delegate concluded that if this proposal were adopted, Canada would have to increase its armed forces rather than reduce them.

One of the most revealing anecdotes on the disarmament talks was told me by Dr. Max Beer, the veteran correspondent of the *Neue Zürcher Zeitung* at the United Nations. It concerned himself and a mistake he made. Before the war, Dr. Beer had had his fill of disarmament talks at Geneva as he had been a distinguished journalist at the League of Nations — in fact, he is the only former League correspondent at the UN. He left Switzerland in 1941 to settle in the United States.

It was his practise, Dr. Beer said, to ring his wife at the end of the day to tell her that he would be late for dinner. On the day in 1946 when the disarmament talks began at the United Nations, he picked up the telephone to do this and dialed his Geneva number. There, Dr. Beer asserted, was a case of a subconscious mind at work. The revival of the disarmament talks had brought back



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the Geneva conferences with all their hopes and frustrations and missed opportunities, and the Geneva telephone number he had long given up. It was a sad anecdote.

After the Russians broke up the Geneva talks (1960 version), the Disarmament Commission of the United Nations was called into session. The meeting of the commission, which is a commission of the whole with 82 member states, occurred during the trial of Lieutenant Powers, the American U-2 pilot, in Moscow. This was a nice piece of timing, and an object lesson on why the disarmament talks get nowhere. For the U-2 incident — the aerial espionage of the Soviet Union — not only broke up the Geneva talks and caused this bumbling UN meeting to be called, but destroyed the Summit Conference and wiped out the short painful steps which had been taken to conciliation.

To a large extent, the disarmament talks are a snare and a delusion. The impression given is that these discussions can resolve the problems of peace and war in our times, when actually they don't even tackle them. The fact is that they are concerned with the outward manifestations or symptoms of our trouble and not with the cause of the disease itself. It is an axiom that nations arm because of fear; they arm to protect themselves against those whom they regard as their enemies. They are not going to disarm until there has been some sort of settlement or they are pretty sure that they are not going to be attacked. To discuss disarmament without first ending the cold war is like applying a lotion to smallpox sores; it may relieve the pain but it is not going to cure the patient.

Yet, while admitting that there cannot be any real agreement without a political settlement of the issues that divide the world, there are Canadians who argue that progress can nevertheless be made at the disarmament talks. External Affairs Minister Green is of this mind. Mr. Green was the only Foreign Minister to attend the recent Disarmament Commission meeting, and this is a sign of his real concern over this issue.

There are many reasons why politicians should be in favor of disarmament: for one thing, weapons are so fantastically expensive now, and then when they have nuclear warheads, they become a political headache. These reasons may have affected Mr. Green, but there is more than that in his opposition to nuclear tests and his zeal for disarmament. There is also his deeply held personal conviction that war is evil.

However, there is a limit to the technical progress that can be made without getting to the roots of the problem. Every permutation and combination has been tried. After the war, the disarmament

talks were divided and there was a separate commission on conventional arms and an atomic energy commission. But disarmament is indivisible. So, at the Paris Assembly of 1951, the two commissions were amalgamated, and the Disarmament Commission was formed with a negotiating sub-committee consisting of the Big Four and Canada. However, this became patently ridiculous, with the four western delegates debating with the Soviet representative.

In order to placate the Russians who have always had a realistic approach to the disarmament talks and regarded them as a propaganda sounding board, an even more absurd move was made. The Disarmament Commission was taken away from the Security Council and expanded to include every member of the United Nations. A ten-nation committee was set up, outside of the UN — and this became a conference between alliances, with five members of NATO including Canada on one side of the table, and five members of the Warsaw Pact on the other side. A couple of years ago, another attempt was made to break up disarmament into separate technical parts — and a nuclear test committee and a surprise attack committee were set up. The latter broke up after three or four months of meeting, while the former has recessed.

The trouble with the disarmament talks was that there was no real negotiation. The exception was the nuclear test conference which was making real progress when its work was halted by the U-2 flight. There have been disarmament debates, and sometimes the delegates seemed to be arguing about the number of angels which could dance on the head of a pin. At the recent Disarmament Commission meeting, the main point at issue was the numbering of the paragraphs of the resolution. It was settled by the simple expedient of dropping the numbers.

So what has been accomplished in my lifetime?

There was that Washington Naval Treaty, but it did not bring about disarmament. All that has been achieved in the fifteen years since the war is an eight word objective which is now included in every United Nations' resolution on disarmament:

"General and complete disarmament with effective international control."

This is little enough, although it represents major concessions on both sides. But Mr. Green wants the disarmament talks renewed. It is difficult to see what else he could advocate. The danger in my view, is that the disarmament talks are being used to divert attention away from the need for a settlement of the cold war. They are an easy way out for politicians who do not want to face the real problems of political negotiations between the East and the West.





U.S. farmer: "You forget there's such a thing as pride".

## Letter from New York

by Anthony West

### Mr. Kennedy Woos the Peasants

YOUNG MR. KENNEDY, the forty-three year old stripling, was in Des Moines, Iowa, recently disposing of his last claim to be taken for a serious statesman by repeating the pledge he first made at the Convention in San Francisco to save the family-type farm as a way of life. "I pledge" he said "every effort of mind and heart to do it". His heart is, it seems, determined to out-pump Ezra Taft Benson's for between now and January the apostle of youth and unity is going to cook up a plan to simultaneously raise farm prices, increase farmers' incomes by some three billion dollars, and to solve the problem of the huge surpluses of farm products currently on hand.

Mr. Kennedy was so heartbreaking on the subject that this writer hurried off into the farm states expecting to witness painful scenes of agricultural distress. The only weeping he heard was in Colorado where some of the horny-handed sons of the soil were complaining bitterly of the activities of the lady farm-news reporter of the paper in Colorado Springs. She, it seems, cruelly suggested that there was something crooked in the way in which some people were leasing hitherto uncultivated Federal land in order to draw handsome payments from the government for putting it into Mr. Benson's famous soil bank.

"Why", the simple farm folk argued, "that's not crooked, its just smart. If those fools in Washington set the thing up so that it was possible to do it that

way, why shouldn't a fellow who is smart enough to figure it out take the money?"

There is an answer to this question, but it doesn't seem to occur to American farmers, who are, this writer is now convinced, as conscientious a set of able-bodied beggars as exists anywhere on the face of the earth. It is a gauge of Mr. Kennedy's political integrity and calibre that he should be out wooing this nimble pressure group's votes with promises of yet more of the taxpayers' money, and that he should be gulling the public with yarns of their pitiful straits.

The average Iowa farmer, to whom Mr. Kennedy was promising increased scales of outdoor relief in his Des Moines speech, has a farm with a cash value of about a hundred and forty thousand dollars at the present market rate; he carries assets on the place worth about sixty thousand dollars, in the way of animals, implements, and so forth; and he clears a net of round about seven thousand dollars a year.

I got into a discussion with one of these paupers in Eldora, Iowa, on the subject of an editorial attacking bureaucrats and bureaucracy which had appeared in the local paper. This upstanding defender of individual enterprise and common sense thoroughly agreed with the editorial writer's contention that officials who administered the farm programs down in Washington were the ruin of farming. When pressed into a corner he admitted that, although if he were sold



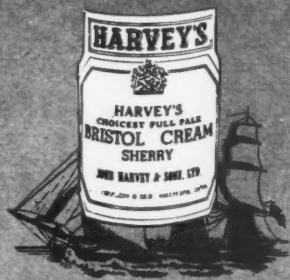
### Made to Odo

When Bishop Odo commissioned the Bayeux tapestry back in the 11th century, he chose British Woollen thread in eight different colours for the embroidery. For then, as now, everyone knew that British Woollens were unquestionably the finest. And he must have made a good choice because the tapestry which tells the story of the Norman invasion of England by William the Conqueror can still be seen today after 900 years. It's because Britain's gentle climate and fine craftsmanship produce the finest woollen cloth in all the world, that British Woollens are in such demand. See the selection of weights and weaves, colours and patterns available at your tailor's or clothing store. Whatever your taste, you'll find something to suit you in British Woollens, ready-made or made to order!



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up tomorrow he would have some quarter of a million dollars to show for the sale, he had all the same been taking annually from three to five thousand dollars in relief for the past twelve years. He didn't see anything wrong in this, and argued that the subsidies and other payments he got from various Federal agencies often made the difference between losing money and breaking even.

When I pressed him it was to discover that the farmer had a rather special way of accounting. To find out if he had made or lost money he first took his gross receipts and subtracted his actual operating expenses from them. He then took the current valuation of his land and his other assets, figured out what six per cent of that would be and deducted it from the remainder. I asked him precisely what he was doing when he did this and he said he had been taught to do it in college in a farm economics course.

"It's a standard reduction for a fair investment return", he said. "Some people charge six per cent on working capital, and four per cent on land investment. I charge a flat six per cent, it's easier". I said I saw that it would be and he explained that he had to be realistic. "I only put down the money for a quarter of the asking price for my farm, eighteen years ago, and I have it pretty well clear today. I'd never have been able to do that if I hadn't been hard-headed about investment charges on my income".

I asked him if he considered his mortgage payments, and his payments on bank loans for working equipment as part of his operating costs and he said he surely did. I asked him if he had any further charges against his gross and he said: "Why, yeah: there's labor. I work a good eight hours a day round the place, sometimes ten and twelve hours in busy times; my wife does her stint at the office work, keeping records, keeping track of bills and all that, and the two boys do their bit. I charge that at a dollar twenty-five an hour."

"And what you have after that is your net income?" I said.

He said it was. "And you'd be surprised how small it is. You city people read about the fine times farmers have, and you don't seem to know how rarely we do more than break even, even in the good years. And, of course, in a bad year, like this, with prices way down, we stand to lose money". A look of keen suffering came onto his face and he told me that he had actually lost two thousand dollars in 1955.

"Sometimes I wonder how we can go on - I sometimes think those people in Washington really want to drive us family farmers off the ground".

I asked him if he realized that in his eighteen years on the farm he had been able to turn income into capital to the

tune of over a hundred thousand dollars, and if he didn't think it was a little strange that he should have picked up about sixty thousand dollars in outdoor relief while doing so.

"It's been a struggle all the way, Mr. West," he said, "I've got nothing to be ashamed of. A man's got a right to a decent living. I work hard and I don't see why I shouldn't see a decent return on my labor".

A big grain farmer farther west between Alliance, Neb. and Cheyenne, who proudly showed me his quarter-horses and a twin-engined private plane while we were making a tour of his place, admitted that fifty-five per cent of his gross of more than two hundred thousand dollars was derived from handouts from the public funds. I asked him if he didn't feel a trifle queasy about this, and he said "Hell no, prices are terrible and costs are going up all the time. They got to do something for us".

I asked him if he really felt anyone with a net income of more than three thousand dollars a year was entitled to public charity and his face darkened: "You city people really hate farmers, don't you" he said. "Before you'd allow us a decent living you'd make us paupers, with a means test and everything. You people forget there's such a thing as pride".

Well, Mr. Kennedy is out beating the drum for these deserving cases and promising them an even better deal than they have been getting from Mr. Benson. He has promised the boys understanding and sympathy, and one of their own to run the lovely racket. He stands pledged to appoint "a mid-westerner with a farm background" as his secretary for agriculture, a pledge which amounts to writing "come and get it" on the door of the treasury. Mr. Kennedy has the same kind of pride the farmers have: he knows what he wants and deserves, and he doesn't care a bit how he gets it.



Senator Kennedy: "Come and get it".



# London Letter

by Beverley Nichols

## Communists and Council Houses

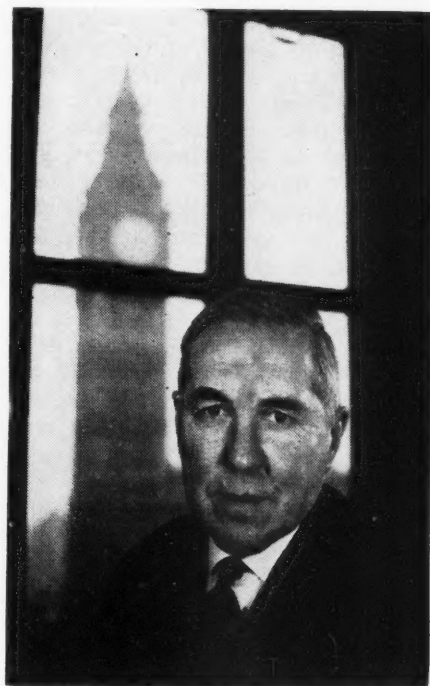
THE MOST SIGNIFICANT figure in London during the past month was a husky, hatchet-faced ex-paratrooper by the name of Donald Cook, who challenged authority and shouted defiance of the police through the barbed wire barricades which he had erected outside his top-floor flat in the not very salubrious borough of St. Pancras.

Mr. Cook, it should be explained, had an objection to paying the rent of his council-controlled house, which had just been "de-restricted". It was well within his means, for — like the vast majority of the working population in booming Britain — he was making good money, with every prospect of continuing to do so. But it happened to be a few shillings more than he had been paying for the past few years — subsidised, of course, by the taxpayer. So he dug in his heels, laid in a stock of food, and prepared for a siege — if the worst came to the worst — of three years.

Suspecting that the whole affair had been played down by the press I went to St. Pancras to witness these bizarre proceedings. I found a crowd of a thousand in an extremely ugly mood. Hanging from a rope in the rain was a stuffed effigy of one of the unfortunate town councillors who had been among those responsible for raising the rents of the flats in question. One did not need a very vivid imagination to visualize a real corpse in the place of the dummy. From scattered groups of toughs came sporadic outbursts of the Red Flag. The customary lunatic fringe of left wing "idealists" who turn up with banners whenever they see a chance of exhibitionism were there in force. So were the police . . . but there was precious little they could do about it.

All because a man earning nearly £14 a week was politely required to pay one seventh of his income for a modern two-bedroomed flat, a short bus-ride from the centre of the city. And the requirement, remember, did not come from an avaricious, heartless capitalist landowner. It came from a council largely composed of working-class men . . . men who had fallen over backwards in their efforts to alleviate individual cases of hardship.

The whole agitation, of course, is inspired by the Communists. Mr. Cook loses no opportunity of proclaiming that



Housing Minister Brooke: "Every inch".

he is a Communist. And the Communists lose no opportunity of whipping up the excitement. One curious aspect of the affair is the role of the fire-brigades. Constantly the streets of St. Pancras echo to the tintinnabulation of the fiery chariots, roaring down to the streets towards the assembled crowds . . . only to find, at the end of their journey, that it was yet another false alarm. The assumption, not too far-fetched, was that some of the local Reds had been tiptoeing into the telephone kiosks, in order to see how much trouble they could rouse with a four-penny call.

**This rent battle** is only in its first stages. As more and more areas are de-restricted, and more and more prosperous workers are asked to pay economic rents, there will be more and more trouble. There have been cases where a family whose total earnings are £60 a week have been living in subsidised flats for under £2 a week. Obviously, this sort of thing can't go on, in a tiny island, booming with prosperity, afflicted by only one hunger — land. And how hungry modern Britain is for land has just been em-

phasized by Housing Minister Henry Brooke.

"Every local authority must make the maximum use of every *inch* of land", he proclaimed. And then — with a side glance at some of the richer members of his own party — "We must bear in mind the drastic change in social customs, which no longer favors big houses and spacious gardens." Revolutionary words, indeed, coming from a Tory minister — words which will doubtless give fresh heart to every speculative builder to whom the very sight of a stately home or an ancient monument is a challenge to knock it down.

Meanwhile, the desecration of London continues apace. The latest example is the cumbrous, vulgar muddle that the English Electric Company have seen fit to erect on the site of the old Gaiety Theatre. The Gaiety was not only a charming building in itself; its graceful dome was surrounded by a halo of equally charming associations. Round its stage door, in Edwardian days, thronged the young bloods of English society, who were collectively known as "stage door Johnnies" — a type that is now, alas, extinct. The fame of the Gaiety girls spread round the world, and many of them danced straight from the front row of the chorus into the front row of the aristocracy, whose hitherto exclusive ranks were greatly invigorated by the injection of these doses of plebeian blood.

The new Electric building would not encourage a chorus girl, or anybody else, to dance. "A sad mixing and muddling of influences which reflects man adrift in the mid-twentieth century" was the verdict of one critic. Another described the board room as "a compromise between the Montgolfier balloon and an early Henri Farman biplane." The best that any paper could find to say about it came from the *Daily Telegraph*, which grudgingly admitted that "the lifts work quite well and there is a good view from the roof."

**I flew over** to Dublin for the first night of Noel Coward's new play *Waiting in the Wings*. (He chooses Dublin to avoid arguments with the British Income Tax Collector). The trip was well worth it; in the ninety minutes which one spends in the air one travels backwards, in history, at least forty years. In O'Connell Street the house agents display photographs of exquisite Georgian mansions selling for the price of a three roomed suburban bungalow; the newspapers are filled with advertisements of domestic servants applying for jobs — actually *applying* for them — at three pounds a week; there is still the same obsession with the color green, which is now used to tint even the toilet paper; and — of course — there is still the same torrent



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of talk, as incessant and as sparkling as the Irish rain.

I pointed out to a young Irish peer, Lord Killanin, that the best talk seemed to come from persons who had no idea what they were talking about. "Ah, yes," sighed his lordship. "As Swift observed, conversation in Dublin is never marred by any irrelevant knowledge of the subject under discussion."

And the play? One of Noel's best — a tear-jerker set in a home for elderly actresses, redeemed from sentimentality by a wit that is as sparkling as ever. For the older members of the audience the tears were not difficult to come by, particularly when Sybil Thorndyke was on the stage. One of the most exciting theatrical experiences of my youth was her appearance as the maid on the first night of *St. Joan*.

In Dublin, at the age of over eighty, she was even more beautiful; her face seemed to be chiselled from old ivory, her gestures had the grace of a vanished age; her voice never faltered and her memory, in a long and difficult role, never failed. No doubt there is much to be said for the Method school of acting, but after seeing Sybil one feels that really great actresses are the product, not of Methods, but of Miracles.

And the same goes for all the other grand old ladies whom Noel has gathered together in a production that will probably — for many of them — mark the end of their careers. Marie Löhr — a comparative stripling of seventy odd years — spits acidities in an impeccable accent that was perfected long before the age of microphones. Norah Blaney plays the piano with the unmistakable timbre of the twenties. And Noel himself, looking like a prosperous Chinese mandarin, flits about back-stage, encouraging all and sundry with a fusillade of epigrams.

For me a most nostalgic and heart-warming occasion, that almost made me forget the fate of the old Gaiety.



Dame Sybil: Miracles not methods.



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## Chess

by D. M. LeDain

GEORGE KOLTANOWSKI, the blindfold expert, just before the start of one of his simultaneous exhibitions "sans voir", was approached by a contestant, who asked, "Do you mind very much, Mr. Koltanowski, if I use a small set of pieces?"

At Edinburgh in 1934, Koltanowski set up a world's record by playing 34 opponents simultaneously while blindfolded. He won 20 and drew 14 games!

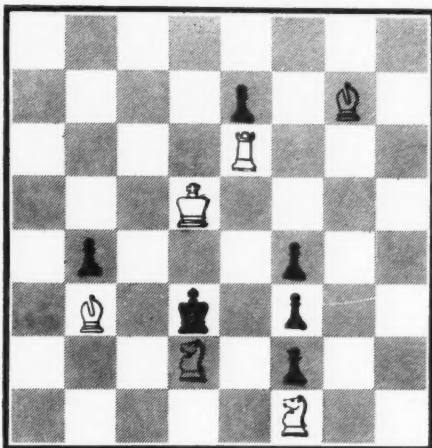
White: G. Koltanowski, Black: Sir Hugh Walpole (one of eight blindfold games, Keswick, England, 1937).

1.P-Q4, Kt-KB3; 2.Kt-KB3, P-K3; 3.P-K3, P-Q4; 4.B-Q3, QKt-Q2; 5.QKt-Q2, B-Q3; 6.P-K4, PxP; 7.KtxP, KtxKt; 8. BxKt, Kt-B3; 9.B-Q3, Castles; 10.Castles, P-KR3; 11.Q-K2, B-Q2; 12.Kt-K5, P-B4; 13.PxP, BxP; 14.R-Q1, Q-K2; 15.B-KB4, QR-Q1; 16.Q-B3, B-B1; 17.P-B3, P-KKt4?; 18.B-Kt3, K-Kt2; 19.P-KR4, R-

KR1; 20.B-B2, P-Kt3; 21.Kt-B6, B-Kt2; 22.P-Kt4!, RxRch; 23.RxR, Q-K1; 24. QxKtch!!, KxQ; 25.B-K5 mate.

**Solution of Problem No. 253** (Silveira). Key, 1.Kt-Q8.

**Problem No. 254**, by G. Koltanowski. White mates in two moves. (6 + 6)



## Puzzler

by J. A. H. Hunter

IT WAS A MISERABLE, wet Sunday afternoon, and Jack was busy doing nothing in particular to while away the time. Looking up suddenly from the paper on which he'd been scribbling, he coughed raucously to attract attention. "That's funny," he declared. "Twice the cube of Grandma's age is three times the square of Peter's age."

Mary blinked sleepily. "How awful," she exclaimed. "Their birthdays are both the same day, and I forgot to write or even send cards. But your figuring is way out."

Jack grinned. "Oh, no. It isn't," he told her. "Take their ages in months."

He was quite right, although one's age does sound odd that way. So what were those two ages? (136)

Answer on Page 44.

## It's A Crime!

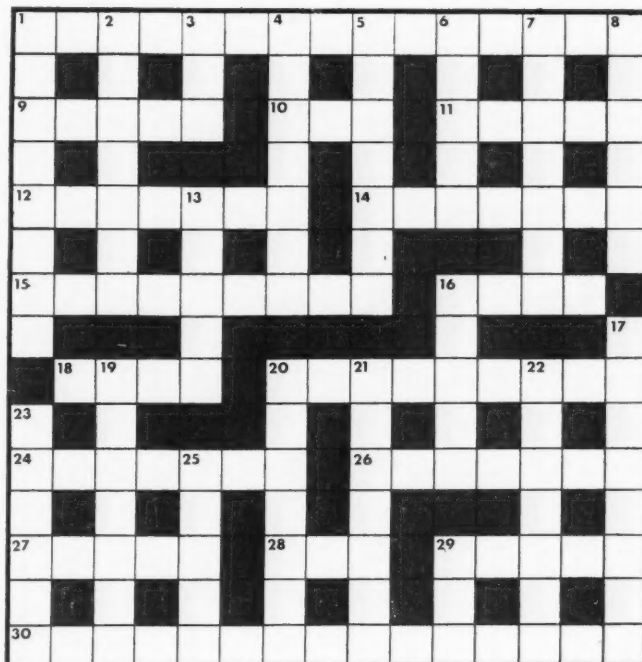
by Louis and Dorothy Crerar

### ACROSS

- 1 But no doubt the successful embezzler does not believe this. (5, 4, 3, 3)
- 9 Put it down on the bed! (5)
- 10 One of the first mystery writers wrote poetry with no effort. (3)
- 11 Battle fought by 1D. (5)
- 12 Get-togethers for the sake of togetherness. (7)
- 14 On which to record Russian conversations? (3, 4)
- 15 The crooked teller who has, may have anticipated a general. (9)
- 16 Crippen met his, in more ways than one, when he met his paramour. (4)
- 18 Open just a little—you may jam in it. (4)
- 20 If looks could kill! It's just an expression. (9)
- 24 In the past, when prisoners were . . . . . ed, they often had a ball. (7)
- 26 For him tea is dear in France. (7)
- 27 See 15. (5)
- 28 Gets the run around at the tea party. (3)
- 29 You may do as you like with the head librarian. (2, 3)
- 30 Is Nova Scotia a short distance behind an establishment that works to prove 1A? (3, 8, 4)

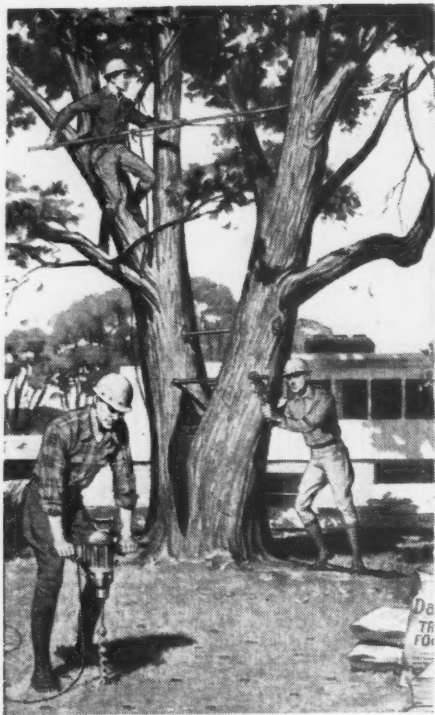
### DOWN

- Was he a pawn in the hands of justice? (8)
- Charges with a crime when a department of 30 backs up inside. (7)
- Though not completely erratic, all deviates do. (3)
- Does go to pieces after the Ontario Provincial Police make a brief appearance. (7)
- Cut off because she had a communist appearance? (7)
- Soothed troubled waters? (5)
- Show part of a book to a hard worker. (7)
- The dog asked for it! (6)
- Ma upset our love affair! (5)
- Freed a girl, by the sound of it! (5)
- Attributed to a writer in our present age? (8)
- Starting as a knave, this thief was later canonized as Jim Crow. (7)
- The leader of the Everest expedition, and it's what he is that started one by the police? (7)
- Round at the round house? (7)
- "A ministering angel shall my sister be", said Laertes of her. (7)
- Dine at Stop One? (6)
- I can't change Hamlet's disposition. (5)
- This if 11, is available to the poor crook who gets caught. (3)



### Solution to last puzzle

- |                       |  |                           |
|-----------------------|--|---------------------------|
| ACROSS                | 31 Gallup                                  | 8 Leave                   |
| 1 On top of the world | 32, 9, 28, Straight from the horse's mouth | 13 See 18                 |
| 9 See 32              |  | 15 Eli                    |
| 10 Whiteman           |  | 16 Tub                    |
| 11 Jesters            |  | 18, 13, 5. Man about town |
| 12 Anthem             | DOWN                                       | 19 Tab                    |
| 14 Kettle             |  | 21 Keeping                |
| 17 Behemoth           | 2 Noose                                    | 22 Dowager                |
| 20 Timbuktu           | 3 Onset                                    | 24 Hoist                  |
| 22 Danube             | 4 Observe                                  | 25 Omega                  |
| 23 Choose             | 5 See 18                                   | 27 Salem                  |
| 26 Awesome            | 6 Epitaph                                  | 28 See 32                 |
| 30 Live wire          | 7 Overt                                    | 29 Pent (503)             |



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## Television

by Mary Lowrey Ross

### Father (CBC) Knows Best

AMERICAN TELEVISION programs enjoy a high rating among Canadians who follow faithfully the U.S. serials, Westerns, situation comedies and personalities. In fact the only Canadian institution that doesn't habitually accept the fashion of the National and Columbia Broadcasting systems is the Canadian Broadcasting Corporation itself.

The CBC has never attempted to enter the supersaturated field of Westerns and detective mysteries. It doesn't, to any extent, encourage and develop television personalities. Its comedy, as represented almost exclusively by Wayne and Shuster, isn't hip in the American sense, since it is rarely off-beat and never under any circumstances sick.

The CBC political discussions, when not concerned with world events, centre almost exclusively about Ottawa. Its controversies take the same focus. Its information programs are solidly planted to spread information; they are never relegated to what Ed Murrow once described as the "intellectual ghetto" of late Sunday afternoon. We are a pretty serious people and even our backyard squabbles — e.g. the Joyce Davidson-Royal Visit controversy and the more recent Ottawa-Closeup imbroglio — have wide and solemn implications.

All this appears to be established custom and the CBC sees no reason to change it. If the Canadian public wants family serials, Westerns, personalities,

etc. it can reach them handily through U.S. channels. Meanwhile the CBC continues, and will continue through 1960-61, to follow, with modifications, the customary policy of extramural education. Rightly or wrongly, it believes that the Canadian viewer is more interested in his living-room set as a tool to shape his living than as a toy to distract his leisure.

The modifications this year will be minor. *Inquiry* will replace *Press Conference* and will concern itself exclusively with doings at Ottawa, relying on a course described, significantly, as "documentation in depth". *Encounter* will take the place of *Fighting Words*, at least until Christmas and will continue the series of serious interviews introduced last year by Nathan Cohen.

*Front Page Challenge* returns with the same panel and format and the same general principle, peculiar to Canadian quiz shows, that it is more desirable to distribute information than electrical equipment and home appliances. *Live and Learn* will conduct a twenty-six-hour course in Russian. (This may involve considerable homework, particularly among the fifty students who will be enabled, after examination, to collect credits from the course toward a University of Toronto degree.)

*Folio* has been re-named *Festival '61*. The sprightlier title however is little more than gift-wrapping, covering the same type of dependable offering we have had



in the past, and including, for this season, dramatizations of Henry James *The Pupil*, and Dickens' *Great Expectations*, along with *Julius Caesar*.

*Explorations* retains both its title and the prestigious contents its title suggests. In the coming season it will explore Lord Durham's Mission, in collaboration with the National Film Board, and will present six dramatizations of critical moments in the lives of such famous historical figures as Elgin, William Lyon McKenzie, Durham and Papineau. In addition it will produce three programs on Labor, four on Penology, three on the Psychology of Music and several half-hours on present-day life in French-Canada. As a popular concession, it will also make an analysis, in three programs, of the Western, the detective mystery, and the family serial.

*Close-up*, in many ways the liveliest of all the CBC programs, is less concerned with research than with immediate personalities and events. In 1960-61 it promises interviews with Lawrence Durrell, Peter Sellers, Paul Robeson, Maria Callas, Malcolm Muggeridge and Arthur Miller. Not forgetting its homework, however, it will in addition bring in an hour-long report on the life of the Canadian Indian, a story that depends as much on intelligent sympathy from the audience as on the material itself.

During the year, the so-called popular arts will be presented by twenty variety specials, including six Wayne and Shuster shows. Even with this concession, however, the CBC plans for 1960-61 look, on paper at least, a little like the work of an extension studies enthusiast. On the past record, some of these showings will inevitably be dull, but many will be immensely stimulating or disturbing. In any case, the CBC is convinced that the average Canadian is more interested in the problem of how long the planet will bear the impact of its exploding population (see *Explorations*), than in whether or not Lassie knows best. Or, if he isn't, he ought to be.



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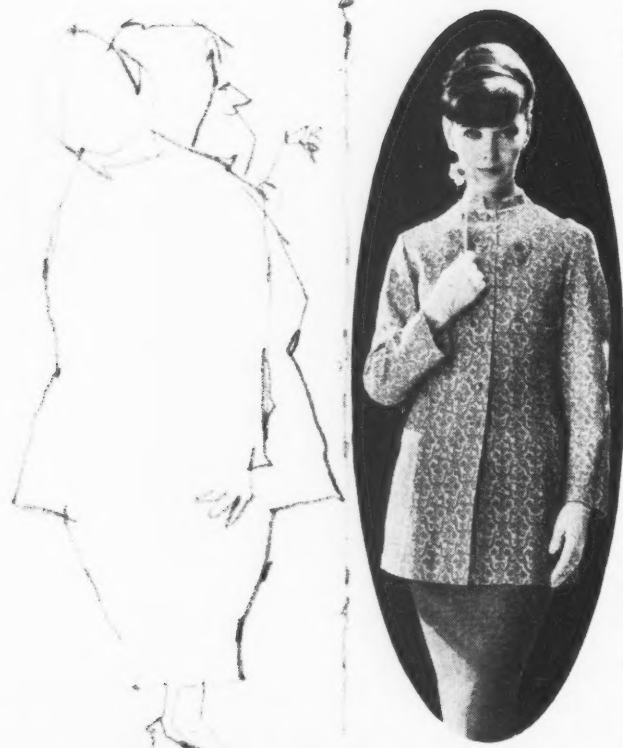
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# MAGAZINES *MOVE* MERCHANDISE



# Insurance

by William Sclater

## Income Insurance

*What is income insurance? I notice you didn't mention it when replying to the man who wanted to protect himself with mortgage insurance in July. I have had it recommended to me.—A.McL., Toronto.*

I didn't mention it because his problem was that he wanted to insure himself for the difference of what he might spend over what he might earn, and that's an uninsurable gap.

Income insurance is an excellent form of modern coverage. Most of us are totally dependent upon what we are able to earn. If we are disabled by accident or sickness and our earning ability impaired or rendered negligible for a period of time, then the maintenance of our living standards, our home and our family may be seriously imperilled. While such disability may be only a matter of a week or two it could quite conceivably stretch out over some months or we may even suffer permanent disability for life.

Income insurance is designed to give us protection against such contingency and provide us with a regular income during such disablement. When buying income insurance you must first consider how much you will need for a basic income in such a period to meet your essential payments on house, food costs and other expenses . . . and how long a period you may require this for.

Your employer may have a guarantee of half pay for a certain period in the event of you being off work through accident or sickness. You may have savings accumulated against such emergency. There may be compensation from other sources.

While most disability periods are of short duration you cannot rely on that. People are disabled for life through accident and sickness. How would your finances stand up to such a contingency? How much can you afford to spend on income insurance to give you adequate protection against such possibilities. These are answers which should be figured out realistically. The one thing you can't replace is your earning ability. If you lose that for a short or long period you are in serious difficulty.

For that reason income insurance is of great importance to every worker. It is the protection which substitutes for that loss. Income insurance in the event of disablement by accident or sickness is

sold in many forms and by many companies in the life, accident and sickness and casualty insurance fields. It is sometimes part of a packet deal which guarantees \$50 a week after a waiting period as part of a hospital and medical expense coverage. But wherever you buy it and in what quantity there are some things you should be careful to check on.

Read the policy wording carefully. See what the definitions of disability are and the period for which the payments are good. How and when can it be cancelled by the insurance underwriter? Generally speaking, look for the policy with the broadest possible coverage and the fewest exclusions. Pick one with a substantial waiting period between the accident or start of disablement and the date that disability is counted from. Check restrictions as to confinement to house or hospital and also the renewal angle of the coverage. If possible buy it for a minimum period of one year partial benefits if disablement occurs. These payments to you should be free of restriction, regardless of what your employer may or may not pay. While you are buying substitute income it is tax free.

Remember, too, that what might mean total disablement to one person may mean only partial disablement to another. A broken leg might be totally disabling to a laborer but only partially disabling to an artist. Finally, pick a company with a good name for payment of claims and with a licence to do business in your province.

## Varied Occupations

*Do underwriters rate some occupations as safer than others for insurance purposes?—N.E., Hamilton.*

Definitely . . . aircraft testing is riskier than tea tasting. But recent statistics reveal a surprising story of lessening hazard largely due to reduction of occupational dangers. A study of over one million life policies in North America showed mortality rates appreciably lower for workers in certain industries and occupations, the Canadian Life Officers Association points out.

These included workers in clay, glass and stone industries; sawyers in wood-working plants and lumber mills; railmen on passenger trains; printing and publish-

ing workers; chemists; assayers; cooks, railroad section hands and track laborers. One interesting sidelight revealed that policemen who make arrests have a lower mortality rate than those who don't.

## Mortgage Relief

*After reading your reply to K.V.'s mortgage insurance problem in July I would suggest the second mortgagee's recourse, in the event of non-payment, would be to take action to foreclose the equity of redemption and acquire it. In other words the borrower's interest would be expunged and the second mortgagee would then be the owner of the property, subject to the first mortgage. If his second mortgage interest rates charged, with the bonus, were too high he might have assistance under the Ontario Unconscionable Transactions Relief Act.—H.W., Ottawa.*

You make a good point and one that applies. Whether interest rates on the second mortgage would be high enough to warrant such action would depend on the viewpoint. As you appreciate, a second mortgage is risky business in a case like the one concerned. This fellow wasn't concerned about disability reducing his earning power. He was concerned about what would happen if he spent more than he earned, in other ways, and couldn't meet the mortgage.

## Retirement Income

*When checking a client's estate recently I find a certificate in a professional engineer's association combined with a life insurance company feature and a trust company in a retirement saving plan. He is putting \$400 a year into the life account and \$200 into the trust account. Is there any protection other than a refund of the then determined value in the event of death? Could an estimate be made of what pension could be taken out at age 71 or what income from the investment at age 65?—N.L.S., Ontario.*

Get in touch with the engineers' association concerned and find out what provisions the plan incorporates. They may have a plan which permits a retirement annuity or the funds for that to be taken out at a certain age. But I doubt you could arrive at other than an approximate evaluation of anticipated return.

## Bull Cover

*Bull belonging to farmer next door got loose and trespassed, getting friendly with one of my cows. This I did not want as it is not the same breed. Now the cow is going to calve. What kind of insurance can he or I get against this kind of thing happening?—J.S., Belleville.*

Farmer's Liability policy, only he should take it out if it's his bull.



## British Canada's First Unofficial Coin ...



**After** Canada was ceded to Great Britain in 1763, little effort was made to supply North American currency. In 1815, Sir Isaac Coffin, holder from Great Britain of the freehold of the Magdalen Islands, issued his own copper pennies—the first unofficial coins circulated in British Canada.

### Canada's First Real Money

Canada's first real money, in the form of bank notes, was issued by the Bank of Montreal—Canada's first bank—when it opened its doors for business on November 3, 1817. Later, the bank provided copper coinage. With the passing of the Currency Act in 1841, B of M coins became recognized legal tender of Canada.



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## Gold & Dross

### Home Oil

*What do you think of Home Oil?—M.H., Halifax.*

Prospects of Home Oil are tied to natural gas and to increased exports of petroleum to the U.S. or opening of the big Montreal refineries market to Canadian crude. The latter would be via a proposed new pipeline to Montreal, which would require commitments for western crude by the refineries. Some of them are loath to make these commitments since they would prefer to bring in crude from other parts of the world, landing it on the Maine coast where it is piped to Montreal.

But if the U.S. market for Canadian crude does not broaden enough, or if the domestic market served by existing pipelines does not expand to absorb more of this country's surplus, the government may get behind the Montreal pipeline. This appears to be very desirable from a national standpoint, and while it would not be too palatable, private enterprise may yet have to surrender some of its freedom in the interests of the national economy. Canada needs to export more and import less, and oil is a substantial import.

### Canadian Breweries

*In reply to an inquiry in the issue of July 23, you excluded Canadian Breweries from some leading investment stocks because of the proportion of shares in the hands of a holding company. I had just been comparing the leading Canadian brewing stocks and had decided that Canadian Breweries seemed to be the best-based on present market price, equity, earnings and dividend and management policy. Would you be good enough to comment on the disadvantages to smaller shareholders of this apparently very sound and progressive company because it is controlled by a holding company?—V.F., Vancouver.*

About 11% of Canadian Breweries is in the hands of a holding company. If this block of several thousand shares enjoyed the same distribution as the balance of the stock, the company would have many more shareholders, and the price would represent a broader consensus.

There are two views about the effects of large blocks in single holdings. One

is that the market price is above what it would be if the holding company's block were dispersed, that is, it would decline if the holding company decided to liquidate.

The other side of the coin is that distribution of the shares would expand the shareholder base, and ultimately result in a higher quotation as a result of buyers developing other new shareholders.

When the possibility of a contest for control is precluded by the proportions of the block in which control is vested, the shares are deprived of increase in value by reason of an outside group trying to win control.

### International Nickel

*Some time ago one of your readers apparently twisted your arm enough to wring a definite answer out of you without your usual weaseling. He made you admit you regarded International Nickel as the choice of the metal securities. Since the stock has since performed outstandingly, you're probably wearing your arm in a sling from patting yourself on the back. How does the stock look to you near its all-time high?—B.F., Montreal.*

If you're an average investor you could stay with International Nickel. The company has huge reserves of nickel-copper ore, the plants for extracting the contained metals and producing maximum increases in their market value, its own marketing organization and the dominant position in the nickel industry. At this time an added fillip is lent to its possibilities by reason of its copper production.

In Inco, the investor obtains a yield of 2¾%, plus possibilities of increment in value, which are augmented by two intriguing aspects of metal shares: the chance of new ore discoveries and the hedge against inflation which ore in the ground provides.

Inco's stock was split two-for-one recently. Perhaps you remember the old stock staging a garrison parade from 65 to over 100, adding some \$500 to \$600 million to the market capitalization. You may also remember this move started as a result of the company's discoveries in Manitoba, which are now receiving a \$200-million development. A company like Inco never ceases looking for new deposits. Quite frequently, it works elephant country, as in Manitoba, and you



never know when it will click. The chance is worth something.

With enough ore to last for decades, Inco could be a substantial beneficiary of the inflationary trends with which we are all so familiar. The value of ore in the ground should almost automatically adjust itself to a lower scale of purchasing power of the dollar.

To add to Inco's attractions, what other Canadian stock can you buy with a price reflecting so wide and representative an auction market? Inco's listed in New York as well as Canada and is traded in world financial centres. It is about 50% owned in the U.S., 25% in Canada and 25% elsewhere.

## Burrard Dry Dock

*Would you give me a rundown on the past performance and future possibilities of Burrard Dry Dock of Vancouver? It has been said dividends paid by this company over the past decade have been very good. Is this true?—J.E., Vancouver.*

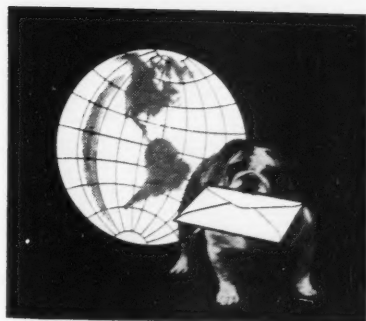
Burrard Dry Dock is a cyclical industry, the past performance of which is of little value in appraising the future. This is dependent on recovery of shipbuilding on a wide enough scale to benefit the company. High wages on the Pacific Coast preclude competition for world ship construction and place the company at a disadvantage in competing with eastern yards for government contracts. The shares, which are quoted on the Toronto Stock Exchange, appear to be intrinsically cheap but nothing might happen to improve them for some time.

## Bank Stocks

*One often reads recommendations of the stocks of Canadian chartered banks as investments. However, most investment advisers, and my broker in particular, seem reluctant to differentiate between the various banks. Could you advise on how to choose between them?—C.S., Red Lake.*

Traditionally selling at high prices and carrying a double-liability feature, bank stocks were unpopular for many years and analysts may not have updated their thinking about them. But the double-liability feature was rescinded and the banks split their stocks, bringing them within range of smaller investors. Additionally, the banks were empowered to give personal loans on the security of household property and to lend for residential construction on the security of government-insured mortgages.

These factors, taken in conjunction with an expanding economy, tend to increase earnings of the banks. The effect has not been lost on the market, and price-earnings ratios have mounted to more than 20-1. But this ratio may actually be less



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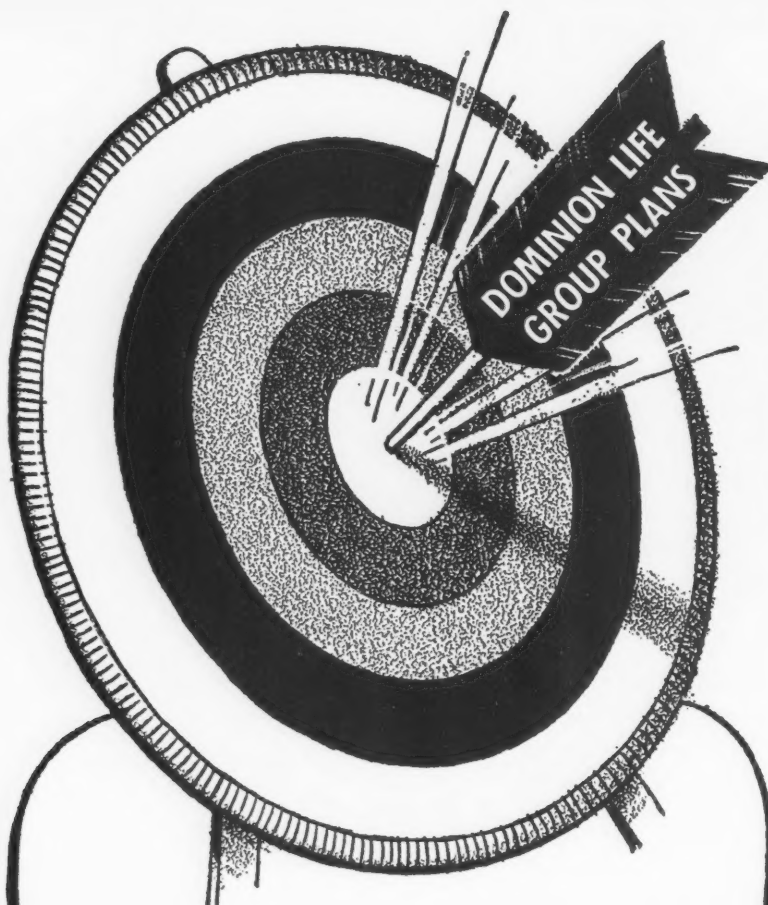
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than it appears to be since real earnings are frequently double those shown on financial statements. Reported earnings are after transfers to reserves. Thus, a true picture is difficult since one has to consider operating profits in the light of possible non-requirement of reserves transferred from them.

Under these conditions a brokers' reluctance to go out on a limb on bank stocks is understandable. Additionally, he may fail to recognize the leverage inherent in a service industry closely tied to the economy, and the implications of one bank establishing a more rapid rate of growth than another.

There are two criteria for choosing between bank stocks; total assets and number of branches. Along with this is the intangible factor of promotion, which can accelerate the growth of assets and branches. The investor who can realize that one bank has improved its business promotion techniques has learned something of value.

### Ford of Canada

*How do you like Ford of Canada in view of the inroads foreign cars are making into the domestic market?—D.J., London.*

Notwithstanding foreign cars taking almost 30% of the Canadian car market, Ford of Canada still ranks as a high-class investment security, representing the single Canadian public company in an industry for which further cyclical growth is probable. Any prospective position in Ford should, however, consider the technical status of the issue as a result of 75% of the 1,658,960 common shares (no senior securities) being in the hands of Ford Motor Co. (U.S.).

Ford is currently paying \$5 dividends and yielding around 4% but there is some possibility of increased dividends, dependent on capital requirements of cash generated. The company piled up record earnings of \$25.2 million or \$15.20 a share in 1959 versus \$12.70 in 1958. It had working capital of \$67 a share and an equity of \$138. Since 1954, when the \$5 dividend rate was established, working capital has gone up \$17.3 million notwithstanding a boost of \$9.5 million in fixed assets and \$14.5 million in un-amortized cost of production tools. These three items total \$24 a share.

Net profits for the first half of 1960 were down only slightly from the like period of 1959.

Ford's position is that of a strong unit in the country's largest capital goods industry and in the fourth largest industry in value of shipments (factory value \$847 million in 1959). The bulk of Ford's output is sold in Canada, to which it also imports cars from affiliates in England and Germany. Subsidiaries sell surplus



Canadian output and British and German-type cars in Malaya, South Africa, Australia and New Zealand.

The condition of Canada's automotive industry is to be investigated by a Royal Commission but don't attach too much importance to that. The industry should rise to the challenge of reducing costs and expanding its export markets, which in the 30's took about 25% of its output.

### Robertson Preferred

*As a reader of your column for many years and a holder of a block of P. L. Robertson Mfg. Co. 2nd preferred stock, I would like your opinion on the merit of the holding and if it would be wise to keep it.—H.F., Milton.*

Robertson 2nd preferred \$1 dividend is not without attractions for anyone who can assume a garden-variety risk but if your circumstances dictate less risk, you could switch into high-grade bonds. The dividend was well covered on 2nd preferred by 1959 earnings and should continue to be so covered.

### Uranium Stocks

*Are you as bearish as ever on uraniums, which are going at firesale prices?—E.A., Quebec.*

Uraniums appear to have little in store for them but investor apathy pending the development of price-use economics for a material that was touted to death around the board rooms a few years ago. A purchase of some of the corporate survivors of the trend to consolidation in the industry may ultimately be profitable but the holder will have to be a glutton for punishment.

### In Brief

*Do you recommend Canadian Husky?—M.S., Toronto.*

This is a high-class company but we prefer equities in larger petroleum firms since the trend in this industry as in most others is to organizations of great size.

*How's Sherritt Gordon doing?—B.E., Peterborough.*

Better. Helped by increase in custom refining, better metal prices because of lower premium on Canadian dollar and larger sales of nickel and ammonia.

*Why doesn't Madsen Red Lake price improve?—M.A., Moncton.*

No spectacular news to spark market although property looks interesting over long term.

*Anything new at Chibougamau Jaculet?—J.T., Saskatoon.*

Merging with Copper Rand, basis one CR for each five CJ.



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# I Nominate Dag for the Peace Prize

by Peter Worthington

NINETEEN-SIXTY, a year of crises and revolutions in the world, could — and should — be the year in which UN Secretary-General Dag Hjalmar Agne Carl Hammarskjöld wins a Nobel Peace Prize.

The 55-year-old Swede with the washed-out blue eyes, wispy sand-colored hair and the blending mannerisms of a chameleon, is presently experiencing his finest — and in many respects the UN's most critical — hour which makes him the candidate for the world's highest diplomatic honor.

Liberal Leader Lester Pearson, who won the peace prize in 1956, feels Hammarskjöld has been in line for the award for a long time.

"There could be no worthier choice in the world than Mr. Hammarskjöld for the award," Pearson says. "I'd be delighted if he received one."

But Pearson also feels that such an award to the top UN man could be embarrassing both to him and to member nations of the UN.

"I'm sure Mr. Hammarskjöld would have been nominated years ago for his work, if it hadn't been felt that such a thing might have been awkward," Pearson feels it might set a precedent and that member nations affected by his decisions might resent it.

But is this valid?

Undersecretary Ralph Bunche won the Nobel Peace Prize in 1950 for his work as UN Mediator in Palestine, and Pearson himself won the award in connection with the creation of the United Nations Emergency Force in Egypt.

But regardless of precedent, 1960 with its revolutions in Korea, Turkey, Africa; its riots in Japan, India, Algeria; its slaughter in Tibet and shootings in Cuba, has been a dreadful year, and without Hammarskjöld it would have been worse.

What sort of a person is this peace-maker Hammarskjöld?

He is a difficult man for newsmen to cover — and that may be a contributing reason for his success.

He is nicknamed The Glacier, the Swedish Iceberg, Diffident Dag, Master of Compromise, Noiseless Hammar and so on. Getting a "newsy" statement, or a controversial opinion from him is like drawing praise for Nasser from Ben Gurion — or vice-versa. As a result Hammarskjöld rarely puts his foot in his mouth, or experiences the disquieting sen-

sation of having his words boomerang on him.

But this son of Sweden's World War I Prime Minister is a deceptive man of decision and action. And seldom has he moved as fast as he did in the Congo crisis.

Congo independence day riots left the UN powerless to intervene — in internal politics — until the then Prime Minister, Patrice Lumumba, accused Belgium of aggression towards the new nation.

Using this excuse, Dag jumped in and called a special session of the Security Council to deal with it. Within hours he had commitments to form a UN peace force.

By drawing troops mainly from the African countries of Ghana, Guinea, Morocco, Tunisia and Ethiopia, Hammarskjöld sidestepped trouble that could have arisen by using "white" troops.

Also by thrusting peace-keeping responsibilities on these precariously balanced "new" nations he boosted their confidence, enhanced their prestige and made them, in effect, full partners in world peace.

This courageous and wise action was part of a pattern of work going back to his appointment 7 years ago. For in dealing with sensitive leaders of sensitive countries he is much too much a diplomat to lose his temper or lay down hard rules of what should or should not be done.

More than anything else he is a listener. He covers the globe like an international travelling salesman of peace. And patience, caution and the "sympathetic sell" are his tools of trade.

After the Lebanese civil war and the Iraq revolution of 1958, the whole Middle East tottered on the edge of war. Jittery U.S. Marines were in Lebanon, while casual British paratroopers were in Jordan.

All the Arab leaders were verbally at one another's throats. But Hammarskjöld listened calmly while Nasser poured abuse on King Hussein, Imperialism, America and Britain. Then he went to Jordan where Hussein wept about his problems. The same thing happened in Beirut where he conferred with rebel leaders and with then-President Camille Chamoun, whose

well-groomed head was in danger of being shot off.

Hammarskjöld left a trail of truces in his wake. The whole area calmed down after he arrived and had departed.

At the time the recently assassinated Hazza Majali, then Prime Minister of Jordan, commented that "Mr. Hammarskjöld doesn't accomplish much when he comes here, but we like to see him anyway. His presence allows us to return to normal. But I must admit few problems are solved — only soothed." (In the Middle East he is commonly referred to as "the tranquilizer.")

After the phony war erupted last fall in Laos — the tiny country sandwiched between the Communist countries of China and North Vietnam and the Western allies, Thailand and Cambodia — Hammarskjöld sent in a UN mission.

It is still debatable whether the Communists actually did invade, but there is no denying that the arrival of Dag helped relax the situation. Today a UN economic mission remains in Laos — a mission that the Laotian government insists is strictly political.

Again Hammarskjöld didn't do much, but his magic presence smoothed the stormy waters. And what storms he has had to weather.

Shortly after he became UN secretary-general, the Korean War ended. Then followed the trying years of Arab-Israeli disputes; the French débâcle in Indochina; the Hungarian blood bath; the sorry Suez affair; the rape of Tibet. Recently he warned the South African government that the policy of *apartheid* violated the UN charter which pledges "universal respect to, and the observance of, human rights and fundamental freedom for all, without distinction of race, sex, language or religion."

In 1955 he rushed to Peking and convinced the Chinese that they should free 15 captured U.S. flyers.

In the years of the Cold War it was Hammarskjöld, perhaps more than any other individual, who prevented the world from plunging over John Foster Dulles' celebrated "brink."

If Hammarskjöld gets a Nobel Peace Prize this year — as he should — it will not be for what he did in 1960. It would be for what he has done during all the previous years in which he has been "the world's indispensable man."

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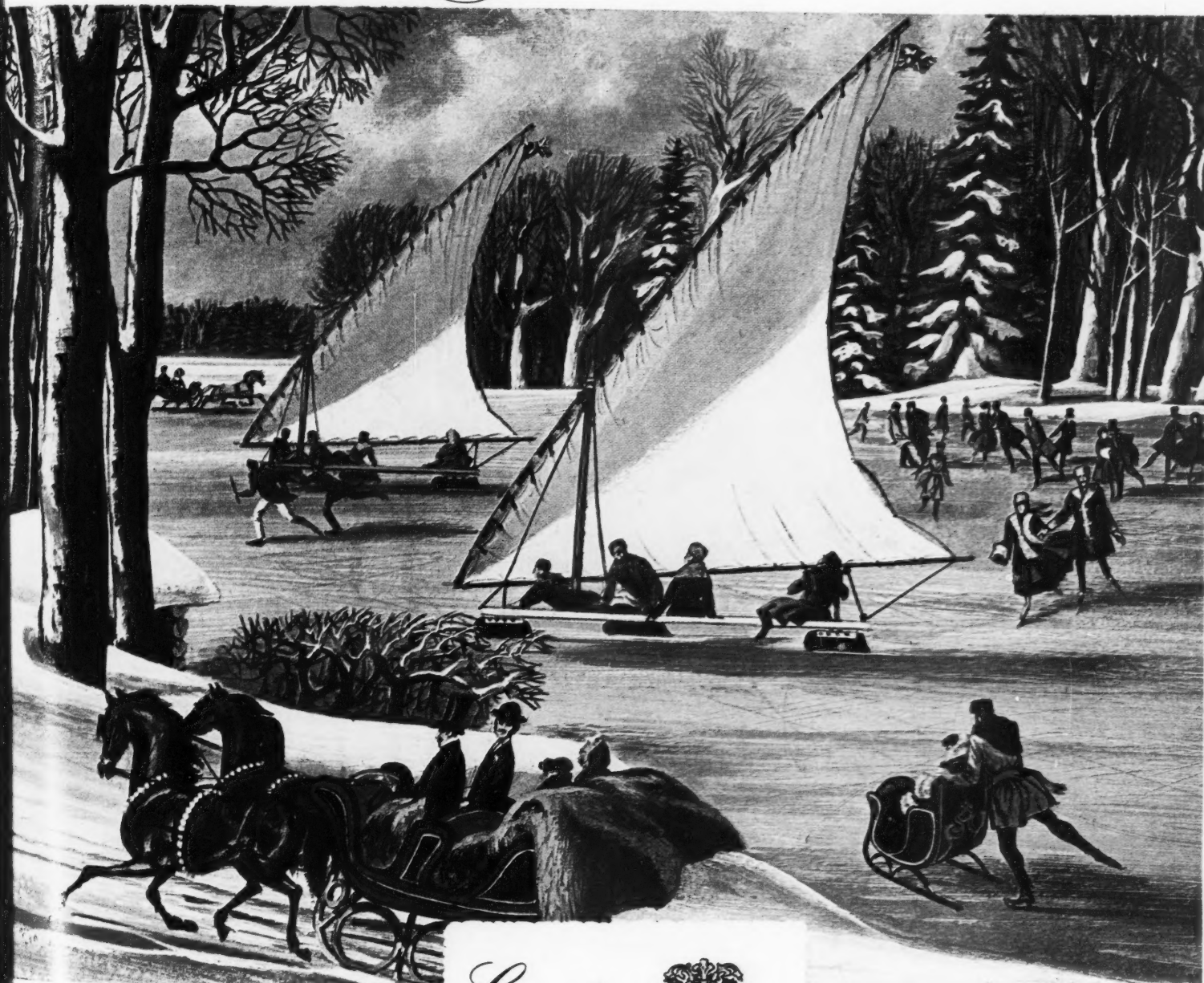
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why  
do  
you  
have  
to work,  
mom?



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